The subcommittee reported that specifications in the solicitations for bids were tailored to fit the proposal already submitted by Westinghouse. It also found that the firms were given less than a week to submit bids after being told the agency's requirements.

When the bids were received, the one from Westinghouse turned out to be the highest in price. It exceeded the lowest bid by $1.8 million.

Eidson justified giving the contract to Westinghouse on the grounds it was most experienced in doing job evaluations and had the necessary qualified personnel.

However, a Westinghouse official later testified that his firm, which makes electrical equipment and appliances, had previously performed only one job evaluation. In contrast, several of the other bidders considered by Eidson to be less experienced had performed thousands of such evaluations, the subcommittee reported.

Eidson had also acknowledged before he rated the bids that Westinghouse was "not knowledgeable in the job evaluation area," according to the testimony of a former postal official, Anne P. Flory. She said Eidson told her Westinghouse would have to be trained by another firm to do the job.

Another firm was hired to train Westinghouse—at Postal Service expense. An official of that firm, Fry Consultants Inc., testified it could have performed the entire job evaluation contract for $2.2 million less than Westinghouse charged.

The official said his firm had never heard of an organization hiring a company to train another company to complete a contract.

Eidson also said the Westinghouse bid was superior because it complied with one particular requirement of the solicitation: that the contract be performed in 3,132 man weeks.

One of the bidders, Booz, Allen & Hamilton, was eliminated because it said it could do the job in about 2,000 man weeks.

Eidson acknowledged under the subcommittee questioning that he did not know how many jobs the Postal Service had to evaluate when he arrived at the requirement of 3,132 man weeks.

"Yet you come up with not an approximation, not approximately 3,000 or approximately 2,000, but you come up with a figure of exactly 3,132 man weeks?" Eidson was asked rhetorically at subcommittee hearings.

The subcommittee referred its findings to the Justice Department for "appropriate action," but no action has been taken by Justice.

Westinghouse defended the Postal Service decision to give it the contract on the grounds that its bid complied with the man-weeks requirement. In addition, Westinghouse said previous experience in job evaluations was not necessary, so long as those assigned to the job had intelligence and general industrial experience.

Eidson, asked for comment recently, declined to say why he chose Westinghouse. He then refused to discuss any aspect of the episode.

When Eidson gave the contract to Westinghouse, he was in a department headed by Harold F. Faught, who had previously been employed by Westinghouse for 21 years and continued to receive deferred compensation from Westinghouse.

Faught said in subcommittee hearings that Eidson was temporarily detached from his staff while the Westinghouse contract was being negotiated. Although Eidson knew Faught had worked for Westinghouse, and the two men saw each other often, Eidson never mentioned the contract, Faught testified.

Last summer, Faught left the Postal Service as senior assistant postmaster general to become a vice president of Emerson Electric Co., which has a $4 million competitively bid contract with the Postal Service.

Emerson's chief executive, Charles F. Knight, is the son of the chairman of Lester B. Knight & Associates, an architectural engineering firm that has received nearly $6 million in postal contracts without competitive bidding.

Faught acknowledged recently that while at the Postal Service, he had helped select the Knight firm as a contractor, but he said any claim of a connection between the contracts and his jobs is "ridiculous."

SENIOR CITIZENS' REFERRAL SERVICE

HON. ANDREW J. HINSHAW

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 25, 1974

Mr. HINSHAW. Mr. Speaker, I want to call the attention of my colleagues to how one individual can apply himself to a problem and come up with some really meaningful results. Mr. James Wilson of Oceanside, Calif., has undertaken the task of helping senior citizens in an unusual manner and the impact on the community is very visible.

To give you an idea of the type of activities involved I will quote an article from the Oceanside, Calif., Blade Tribune of May 1, 1974.

SENIOR CITIZENS' REFERRAL SERVICE

"OCEANSIDE.—When Jim Wilson said he wanted to help senior citizens, he meant it.

And proof of his intentions are very visible in the Oceanside Senior Citizens' Referral Service.

Located in the West Coast National Bank building at Mission Avenue and Horne Street, the service is a clearing house and coordination center for senior citizen services and activities.

The 68-year-old Wilson was a leader in the drive to get the service established with city funds and he has been a daily non-paid volunteer worker since its activation.

That's daily except for the eight weeks he was out with a broken leg.

He mans the office with Margaret Braden Monday through Friday, assisted by other volunteer workers. What do they do?

During the first six months of operation since the Oct. 7, 1973 opening the referral service they:

Obtained 214 volunteer workers and drivers for incapacitated seniors. These volunteers put in 1,397 hours.

Obtained the services of a tax expert who handled more than 200 income tax returns for free.

Set up a blood pressure monitoring program.

Recorded 735 telephone calls where actual assistance to the caller was rendered.

These are only some. Others include the registering of Oceanside seniors and the issuing of senior citizen identification cards.

Seniors who have received the cards have found they are good for discounts at many local businesses ranging from movies, restaurants and haircuts to banks, bowling and buses.

Wilson said that any senior with questions on these and the many other programs and services should call the office at 722-3854.

Or they can drop by anytime. He's there to help."

SENATE—*Wednesday, June 26, 1974*

The Senate met at 10:30 a.m. and was called to order by Hon. JOSEPH R. BIDEN, JR., a Senator from the State of Delaware.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, whose splendor fills the world, from everlasting to everlasting Thou art God and before Thee pass the generations. We bless Thee for our place in the march of life, for the fallen warriors who have gone ahead, and the singing youth who fill the ranks behind. Since we know not what a day may bring, preserve us from grumbling or complaining. Give us joyful and dauntless hearts, prepared for surprises, always ready to lay hold upon fresh opportunities to improve the lot of mankind and advance the Nation's well-being. Make us worthy of Him who in the agony of the cross could commit His spirit to the eternal.

And to Thee shall be all glory and praise. 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 assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 26, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JOSEPH R. BIDEN, JR., a Senator from the State of Delaware, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. BIDEN 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 Tuesday, June 25, 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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

may be authorized to meet during the session of the Senate today.

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

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 926, 928, and 930.

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

MICHAEL A. KORHONEN

The bill (H.R. 7089) for the relief of Michael A. Korhonen was considered, ordered to a third reading, read the third time, and passed.

REDESIGNATION OF THE ALAMOGORDO DAM AND RESERVOIR, N. MEX.

The Senate proceeded to consider the bill (S. 2001) to redesignate the Alamogordo Dam and Reservoir, N. Mex., as Sumner Dam and Lake Sumner, which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, at the beginning of line 4, strike out "authorized to be constructed by" and insert in lieu thereof "referred to in", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Alamogordo Dam and Reservoir, New Mexico, referred to in the Act of August 11, 1939 (53 Stat. 1414), are redesignated as Sumner Dam and Lake Sumner, respectively. Any law, regulation, map, document, record, or other paper of the United States in which such dam or reservoir is referred to shall be held to refer to such dam as Sumner Dam or such reservoir as Lake Sumner.

The amendment was agreed to.

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

FUNDS FOR FOREST HIGHWAYS

The bill (S. 3490) providing that funds apportioned for forest highways under section 202(a), title 23, United States Code, remain available until expended, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Notwithstanding the provisions of section 118(b), title 23, United States Code, sums authorized for fiscal year 1972 and apportioned to States for forest highways under section 202 (a), title 23, United States Code, shall remain available until expended.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

(The remarks Senator SCOTT of Pennsylvania made at this point on the introduction of S. 3702, dealing with Vietnam veterans, are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

PUBLIC OPINION POLLS

Mr. HUGH SCOTT. Mr. President, public opinion polls have caused much discussion and controversy in the past few years. Now, an interesting article written by James L. Payne appearing in Sunday's Washington Star-News explains how these polls work. I think my colleagues will benefit from reading this most provocative article.

It shows that a polltaker can get almost any answer he wants, according to the way he frames the question. It also shows polltakers can affect political policy by phraseology designed to channel the respondent's replies along the lines which may be favored by the polltaker. That seems especially the case in some of the questions asked by pollster Louis Harris.

Mr. President, I ask unanimous consent that the article be included at this point in the RECORD.

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

[From the Washington Star-News, June 23, 1974]

SINCE PUBLIC-OPINION POLLSTERS USE MODERN TECHNIQUES AND HAVE A GOOD RECORD IN PREDICTING ELECTION RESULTS, THEIR SURVEYS ON POLITICAL ATTITUDES CAN BE RELIED ON FOR SIMILAR ACCURACY

(By James L. Payne)

Since it is now generally conceded that, for better or worse, the media constitute a fourth branch of government, let us ponder the credentials of a fifth branch: The public opinion polls.

The attention given to polls in recent years supports their claims; the most important facts about such matters as Vietnam and Watergate seem to be poll results. How the war was going seemed less important than how the public thought the war was going; what Nixon did in connection with Watergate seemed, at least until recently, less important than what the public thought he had done.

Before we concede too much authority to the polls, however, we ought to remind ourselves of their limitations. It is often said, of course, that the polls are wrong. Unfortunately, there is little specific criticism, little explanation about why this or that poll is misleading. The general tendency is to accept poll results as facts when the results are congenial, and when they are not, to retreat with the rather lame blanket objection that polls are often wrong.

There are several causes inhibiting real criticism of the polls. First, the only real public tests of their accuracy are their predictions of election results, which are ordinarily so close as to make us impute a similar accuracy to all polling, and to forget the important distinction between polling about specific election options and surveys of attitudes. Indeed, objectors to attitude polls usually support their contentions by reminding us that the pollsters were wrong about the 1948 election, a point whose effect lessens as 1948 recedes further into the past. Second, we are usually kept in the dark about sampling procedures, and have no way of knowing in a given case whether a poll is based on a representative selection of respondents, and therefore whether its results are distorted.

But the most serious defect of opinion surveys lies in the questions asked. If these questions are loaded, vague, or confusing, the results of the survey are contaminated. This obvious point is curiously neglected in the handling of survey results. Although the questions are normally given when the survey is first reported, they are almost always deleted when columnists or senators relay the results. We rarely hear "79 percent of the public agreed with the statement. 'The war in Vietnam has been a difficult and frustrating experience.'" Instead we hear the speaker transmit his presumption of the statement's content: "79 percent of the people oppose the war in Vietnam." This disregard for the wording of public opinion statements reveals a profound naivete; the unstated assumption is that any question on a given subject, say, "opposition to the war in Vietnam," would reveal about the same proportion of agreement and dissent.

But this is rarely true. Changing the wording of a question usually causes major shifts in percentages of apparent sentiment. This hardly requires documentation, perhaps, but an illustration from my own experiments will dramatize the point.

My technique has been to give a group of subjects a written questionnaire containing loaded policy questions, then, two weeks later, to give them another questionnaire concerning the same issues, but with the questions loaded in the opposite direction. For example, I gave the following question to 66 political science majors at the University of Maine. "People who don't earn their own living are not entitled to have the taxpayers support them in comfort." Half the students disagreed, 39 percent agreed, and 11 percent were undecided. If we pretend that question wording does not matter, we may summarize the results thus: Only 50 percent of the students favor welfare.

Two weeks later I gave them this statement: "A country has an obligation to see that its less fortunate citizens are given a decent standard of living." This time 88 percent agreed, 12 percent disagreed. Now 88 percent of the students "favor welfare."

Further study reveals that the subjects most likely to change their apparent opinions in response to question-loading are those who are less interested in politics, and less knowledgeable about it. This finding should hardly surprise us; and what is true of students of poltical science is probably true, in even greater measure, of the public at large. How are we to cope with the hazards of loaded questions? A little thought and some knowledge of English usage usually suffice; sometimes a little guidance is also helpful.

Let's take the case of pollster Louis Harris. Although the questions he asks are often appropriate for sounding public opinion, it must also be observed that many of them are defective. A Harris question in June 1973 ran as follows:

"(Tell me if you tend to agree or disagree with the following statement.)

"It is hard to believe that, with his closest associates involved in the Watergate affair, President Nixon did not know about the planning and later coverup of the affair."

Harris called this item "a projective question" which he believed measured "where public suspicions lay" about the Watergate affair. But was it likely to measure anything? First, consider the use of the vague "It is hard to believe that," an idiom with at least three meanings:

1) I do not believe ("I find it hard to believe the world is flat"); 2) I believe, but find it surprising ("I find it hard to believe the nearest star is six light years away"); 3) I doubt ("I find it hard to believe that an outsider could have pulled the robbery"). Since different respondents are likely to take the phrase in different senses, the meaning of an "agree" response is not evident in the single case, and an aggregate of such responses is probably hopelessly muddled.

A second objection to this question is that it involves a double negative. Given the length and complexity of the question, some

respondents may be unable to extricate the meaning from the structure. They may respond only to ". . . President Nixon did not know . . ." and answer "agree" even though they hold a contrary opinion.

Third, the question is gratuitously loaded with an immaterial phrase: ". . . with his closest associates involved in the Watergate affair . . ." Never mind the assertion of unproven allegations, or the ambiguous use of "closest." Even if the phrase were unequivocally true, it would still load the question, the respondent is being supplied with a reason for favoring one response over another. Consider the following examples:

(1) The Devil's Canyon dam, which will add 16 million kilowatts to Valley electric power reserves, should be built.

(2) The Devil's Canyon dam, which will destroy 12,000 acres of scenic and recreational land, should not be built.

In each case, the insertion of a simple fact immaterial to the possession of the opinion itself loads the question.

Finally, the question is defective in being compound: ". . . the planning and later coverup . . ." Respondents who believe one and not the other are given no chance to record their belief. Through inattention, they may be led to give an "agree" response, not realizing they are assenting to beliefs they do not hold.

Another Harris question, dating from 1972, runs as follows:

"Considering the fact that the North Vietnamese now occupy much of the northern part of South Vietnam, would you favor or oppose:

"A ceasefire in the fighting in which both sides kept their troops where they are now?

"An agreement to end the war but to let North Vietnam keep the territory it now occupies? (May 1972)"

This question contains another extraneous "loader" ("Considering," etc.), and the last item is compounded, failing to allow for the respondent who favors "ending the war" but not "letting North Vietnam keep," etc. Moreover, the question is simply too long. The danger of misinterpretation increases exponentially with the number of words it contains. A short question will be rather unambiguous; but as one piles on more and more words, respondents are more likely to go separate ways, reacting to different sections of the question. Some respondents who did not necessarily favor the last item's proposal in toto probably indicated their agreement anyway, being most affected by the "end the war" component.

In the same report, Harris included the results of administering this question:

"Suppose the only way we could get peace in Vietnam were to have President Thieu of South Vietnam resign from office. Would you favor or oppose such a move? (May 1972)"

This question serves no purpose except perhaps to determine whether the respondent is logical. We can safely assume that all respondents would prefer almost anything to endless, perpetual war in Vietnam forever and ever; and so, since the question stipulates that Thieu's resignation is the *only* way to get peace, everyone is bound to agree. Only the illogical would disagree. The American people came off rather well: Only 14 percent were illogical. (A year earlier they came off less well, with an illogicality coefficient of 39 percent. That time Harris stipulated that the "only way we could get peace in Vietnam" was to agree to a coalition government that included Communists.)

Items posing hypotheticals make poor public opinion questions. One is, in effect, sounding two opinions simultaneously: A person's belief about X, and his belief about X if certain conditions obtain. Since the responses are a muddle of both beliefs, no clear meaning can be attached to them.

From this brief examination of some defective questions we can formulate some general rules about satisfactory public opinion questions. A good polling question (or statement) should have the following properties:

It should not, ordinarily, exceed about 15 words. In most cases where other principles are violated, this one is too.

It should not contain "loaders," clauses or phrases immaterial to the opinion itself. Such clauses often begin with since, as, now that, in view of the fact that, considering, because, so that, in order to; also watch the use of which, that, and with. Since loaders are often appositives or independent clauses requiring commas, the following rule is helpful.

It should not contain any internal punctuation. (Exception: neutral ice-breakers like "Generally speaking, do . . .?")

It should not contain compound subjects or objects; the words and, or, but, and yet should not appear.

It should not contain a hypothetical: no if, assuming, or suppose.

It should not contain a double negative.

Let us test against these rules a survey question purporting to measure "isolationism," published in the American Political Science Review in 1971:

"In spite of all the claims to be contrary, America can defend herself, as she has always done, without the aid of so-called allies. (Agree or disagree.)"

The statement contains 25 words, three commas, and two immaterial loaders, one of which is patently false ("as she has always done"). We must conclude that answers to this question had little to do with isolationism. If they measured anything, it was probably a predisposition to agree with loaded, ambiguous statements containing errors of historical fact.

As citizens and observers of politics, then, we need not feel overwhelmed and helpless in confronting opinion poll results. A knowledge of the exact question asked and a thoughtful analysis of that question will often enable us to distinguish worthwhile results from tom-foolery.

ORDER FOR AMENDMENT OF ATOMIC ENERGY ACT OF 1954 TO BE CONSIDERED ON JULY 8 OR 9

Mr. MANSFIELD. Mr. President, the distinguished Republican leader, the Senator from Pennsylvania (Mr. HUGH SCOTT), and I have been discussing Calendar No. 932, S. 3698, a bill out of the Joint Committee on Atomic Energy, to amend the Atomic Energy Act of 1954.

It is our considered judgment that it would be a good time to take this bill up either on July 8 or 9, after the Senate returns from the 5-day recess. We just wanted to make our position clear at this time.

Mr. HUGH SCOTT. I thank the distinguished majority leader. We have consulted about it. We believe that would be a good time to consider it, rather than take it up on the calendar today.

DECLARATION REAFFIRMING WESTERN UNITY

Mr. HUGH SCOTT. Mr. President, the 15-nation NATO meeting in Brussels, at which President Nixon today signed a declaration reaffirming western unity, is evidence of our continued concern and cooperation with our western allies. I believe that all Americans will welcome this Atlantic area declaration.

We will have an opportunity to discuss this matter further in the Senate Foreign Relations Committee, but I think it should be noted that this is one more step in the direction of cooperation and consultation with our long-time friends in the European area.

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

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

ORDER FOR A 10-MINUTE LIMITATION ON H.R. 13221, APPROPRIATION FOR THE SALINE WATER PROGRAM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to request a 10-minute limitation on H.R. 13221, with the time to be equally divided between the Senator from Washington (Mr. JACKSON) and the Senator from Wisconsin (Mr. PROXMIRE) under the usual rules.

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

Mr. MANSFIELD. Mr. President, for the information of the Senate, it is anticipated that there will be a good likelihood that this bill be called up before the cloture debate begins, at which time it is the intention of the joint leadership to ask for the yeas and nays, if not before.

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

Mr. MANSFIELD subsequently said: Mr. President, I ask for the yeas and nays on Calendar No. 927, H.R. 13221.

The ACTING PRESIDENT pro tempore. Is there objection to ordering the yeas and nays at this time?

Mr. MANSFIELD. I obtained unanimous consent previously.

The yeas and nays were 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 IS RIGHT WITH THE FEDERAL GOVERNMENT: PROGRESS IN CONGRESSIONAL REFORM

Mr. PROXMIRE. Mr. President, during the last few months, there has been a growing feeling of disappointment among Americans in their Government. The failure of our economic policies to curb inflation, our unpreparedness for the problems posed by energy shortages, and the revelations of Government corruption in Watergate have all contributed to a growing cynicism in America. Since 1789 Congress has been a prime butt of national humor, cynicism, and sarcasm. Will Rogers made a great career out of chiding Congress as the one truly native criminal class in the country.

No branch of Government is more urgently in need of improvement than the

Congress, but it is beginning to take its first tottering steps in the right direction. Congress is one branch with so much wrong that any change will almost certainly be an improvement, and there is solid evidence that improvement is now underway.

WHERE CONGRESS FAILS

First, however, let us face the congressional failures and weaknesses:

Too many Members of Congress simply do not work at it. There are far too many absences at rollcalls, in committee hearings and markups, and the Senate—the so-called greatest deliberative body in the world—has not had even a third-class debate in years, and if we had it no one would be on the floor to hear it, except two or three Senators doing the talking.

As a result there has been no adequate public discussion of military spending, arms limitation, anti-inflation policy, or in such major problem areas as trade, health, civil rights, or civil liberties.

Second, there have been grievous substantive failures of the Congress in addition to a massive surrender of congressional responsibility to the Executive across the board in both domestic and foreign policy. This includes uncoordinated and excessive spending policies, riddling of the Federal income tax with special exemptions and privileges, excessive reliance on the regressive payroll tax, and pitifully inadequate action in enacting effective housing legislation.

Finally, there has been far too much awe to the point of obsequiousness before the phony expertise of self-alleged experts in military technology, foreign policy, nutrition, and—based on our experience yesterday, I would say in nuclear energy, too—many other areas where the experts are divided and contradictory, and decision has to be made by simple commonsense.

Yet, despite these weaknesses, the record indicates that the Congress has done more than any other branch of Governernment to purge itself of the secrecy and elitism that undermine democratic systems.

A HIGHER ETHICAL STANDARD

First in the area of standards of official conduct for Members of Congress. Both Houses have adopted tough financial disclosure requirements. The Senate applies their standard covering income, outside employment, and fundraising to all who make more than $15,000 a year. Ten years ago there were no requirements whatsoever. In the House the establishment in 1965 of a temporary Select Committee on Standards of Official Conduct culminated in the establishment in 1967 of a permanent committee and the adoption in 1968 of a code of ethics for House Members and employees as well as a financial disclosure requirement.

CAMPAIGN REFORM

The Federal Elections Campaign Act, passed in the 92d Congress, sharply limits media spending in House and Senate races. It includes the stringent new reporting requirements that have played such a key role in the Watergate prosecutions.

Before passage of this bill the assertion was increasingly being made that political office was becoming the domain of the wealthy, or of candidates primarily responsible to wealthy groups. We have by no means completely refuted these assertions, but the act was a step along the way toward doing so.

Title I of the act limits the total amount that can be spent by Federal candidates for advertising time in communications media—which includes radio and TV, newspapers, magazines, billboards, and automatic telephone equipment—to 10 cents per eligible voter or $50,000 whichever is greater. An escalation in the media spending limit based on annual increases in the Consumer Price Index is also provided for.

Among other things, title II places a ceiling on contributions by any candidate or his immediate family to his own campaign of $50,000 for President or Vice President, $35,000 for Senators, and $25,000 for Representatives.

Title III requires all candidates and political committees to report names and addresses of all persons who make contributions or loans in excess of $100, and of all persons to whom payments in excess of $100 are made. It also prohibits any contribution by one person in the name of another person.

The Senate has passed new legislation during this Congress which both modifies and supplements the 1971 legislation. S. 372 and S. 3044 set new limits on contributions and expenditures. S. 3044 also provides for optional public financing of congressional election campaigns and creates a Federal Elections Commission with both civil and criminal enforcement powers for violations of election campaign laws. In addition, the Commission is authorized to conduct examinations and audits, to conduct investigations, and to require the keeping and submission of any books, records or other information necessary for the proper allocation of the public financing authorized in the bill.

Finally, the new bill takes firm steps to prevent an incumbent from using his office unfairly to his own political advantage during a campaign. An incumbent is prohibited from using the franking privilege for mass mailing 60 days immediately preceding the date on which any election is held in which he is a candidate. No solicitation of funds may be made by a mailing under the frank.

It is now my fervent hope that the House will also take action on these important reforms in this Congress.

FIFTEEN YEARS OF PROGRESS

The congressional record in the areas of standards of conduct and campaign financing demonstrates that we have come a long way in the last 15 years. Fifteen years ago, Members of Congress and congressional employees were guided by unwritten, indefinite mores regarding what constituted ethical conduct. Today, both bodies have codes of conduct to guide Members and staff and committees to investigate alleged misconduct. Fifteen years ago, Members and their top staff were subject to no financial disclosure requirements at all. Today, both Members and top staff must file financial disclosure statements open to public scrutiny. Finally, in the area of campaign finance, the new awareness of Americans of the importance of the financial aspects of running for elective office and the potential for abuse has prompted Congress to pass meaningful reform.

LEGISLATIVE REORGANIZATION

Major congressional reform has also taken place in the area of legislative organization. The Congress has created new mechanisms to better handle old problems. Examples are the standardized budgeting and fiscal data system, the Cost Accounting Standards Board, which sets standards for Federal procurement, and the new Office of Technology Assessment which is designed to help Congress foresee the probable technological impact of changes that are occurring in practically every facet of our lives in carrying out its legislative tasks. Computers have speeded up congressional performance in sectors as diverse as voting on the House floor, tracking the process of a bill, and making out the congressional payroll.

Many of these reforms were contained in the Legislative Reorganization Act of 1970. Noteworthy aspects of the act provide for a better informed and more efficient legislative process. Electronic voting devices were authorized by the act and became operational as of 1973. A Joint Committee on Congressional Operations was created to provide for continuous study of reorganization of the Congress. The duties of the Congressional Research Service of the Library of Congress were expanded and its staff was strengthened.

Fiscally significant measures are contained in title II of the Reorganization Act. A standardized data processing system was set up and is now maintained for Federal budgetary and fiscal data by the Secretary of the Treasury and the Director of the Office of Management and Budget. This system enables congressional committees to have quick access to information on Federal programs, activities, receipts, and expenditures, saving both time and tax dollars. The General Accounting Office, the congressional watchdog over executive branch spending, was given a broad new mandate in 1970 to review and analyze the results of Government programs as well as perform cost-benefit studies. The result? An increasing stream of useful criticisms of the executive branch.

Extensive provisions were included to provide for cost forecasts of all Government programs: The President is required to send to Congress—as part of the budget—a 5-year forecast of the cost of every new or expanded Federal program. Most committee reports are now required to include cost estimates for authorized programs for a period of at least 5 years. These requirements help to insure that all fiscal measures before the Congress are considered not only in terms of their present impact but also in terms of the future consequences so that Congress can avoid committing itself to programs which later turn out to be fiscal monsters.

Mr. President, I recognize that these provisions, while they are new, and the intent is good, have not had an adequate

impact on the Members of Congress. Therefore, I intend to try to further amend this procedure to require the 5-year cost of every bill and amendment must be printed on the face, the first page, of the bill and on the first page of the amendment.

LET THE PEOPLE KNOW

The veil of secrecy hanging over so many committee hearings was lifted by the 1970 Congressional Reorganization Act and blasted aside by subsequent rule changes. As a result, the overall percentage of closed committee meetings dropped from 40 percent in 1972 to 16 percent in 1973. The 1970 act provided that House committee hearings be open except if the committee by majority vote determines otherwise. Senate hearings were to be open except under circumstances which might jeopardize national security, defame someone's character, or disclose confidential information. Business meetings and markup sessions in the Senate were to remain closed while House markups and business sessions could be closed by majority vote.

The committees in both Houses were also opened to fuller public view by the act's authorizing live TV-radio broadcast coverage of open committee hearings—although for many years prior to the act the Senate had permitted such broadcasts—and by its requiring all rollcall votes taken in committee on a bill to be noted in the report which accompanies that bill to the floor.

In March of 1973, both bodies took action to curtail secret committee sessions. The House adopted a resolution requiring hearings to be open to the public unless closed by a majority on a rollcall vote. House markup sessions were also opened to the public unless closed by a specific rollcall vote of the committee. In the Senate a similar resolution was considered. Although the Senate did not make open markups the rule, Senate rules were altered to allow a committee to permit open markup sessions. I am happy to cite the Senate Banking Committee, of which I am a member, as regularly holding open markup sessions.

The ideal of "government in the sunshine" however, has not yet been entirely realized. Many committees continue to hold important markup sessions in private. Also, the Senate should change its rules to correspond with the House by placing the burden on those who seek to close committee meetings to the public rather than on those who favor openness. Nevertheless, it is clear that we have come a long way toward opening the congressional process to public scrutiny through these reforms.

FAIRER COMMITTEE ASSIGNMENTS

Another important portion of the 1970 act, which focused on the Senate, established guidelines for the equitable distribution of committee assignments. With safeguards for Members' assignments at the time the act went into effect, committees in the Senate were divided into major and minor committees and Senators were limited to service on two major and one minor committee. In addition—again with safeguards for then current Members—Senators were limited to membership in only one of four important committees, that is, Appropriations, Armed Services, Finance, and Foreign Relations. Senators were prohibited from holding more than one subcommittee chairmanship on a single major committee.

Finally, the 1970 Reorganization Act guaranteed the minority on House and Senate standing committees two of the permanent professional staff authorized each committee. A majority of minority members can call witnesses of their choosing during at least one day of hearings on a measure or topic. Debate on a conference report is now required to be evenly divided between the majority and minority sides. At least one-third of the committee's funds are required to be used for minority staff. These were important steps toward recognizing the needs and rights of the minority party.

The 1970 Reorganization Act, particularly with regard to the Senate, was the first step in many years toward opening up the committee system to more active participation by more members. Since that time, both parties, in the House as well as the Senate, have made great strides in diminishing the influence of seniority in the selection of committee and subcommittee leaders.

In 1971 House Democrats modified their procedure for naming committee chairman by permitting the caucus to consider nominations for chairman individually rather than en bloc, and providing for secret votes on chairman at the request of 10 Members. At the same time House Democrats voted to limit Members to chairmanship of one legislative subcommittee. At the beginning of 1973, House Democrats went one step further by requiring automatic votes on each chairman and by making those votes by secret ballot at the request of one-fifth of those present. House Republicans instituted mandatory secret ballot votes on ranking Members in 1971. Senate Republicans in the 92d Congress adopted a rule restricting Members to service as ranking member on only one committee. In 1973 Senate Republicans passed a resolution allowing committee members to elect their ranking member subject to the approval of the Republican conference. In 1971 Senate Democrats set a precedent by requiring approval of all appointments to committees, including that of chairman. Thus, since 1970, both parties in both Houses have taken steps to insure greater accountability of committee leaders to the committee and the party which they serve, moderating the "iron law" of seniority in the selection of committee leaders.

MORE EFFICIENT LAWMAKERS

Another area in which progress has been made is in facilitating scheduling of legislation. In the House, this has come about through the coordinated efforts of the majority and minority leadership with the House Rules Committee. Since the 1930's, the efforts of the House Democratic leadership to bring controversial legislation to the floor were often stymied by an obstructive Rules Committee. Until 1961, this committee was comprised of 12 members, 8 from the majority party and 4 from the minority. Frequently, a coalition of conservative Democrats and Republicans combined to block floor consideration of legislation which a majority of the House favored. In 1961, through the efforts of Sam Rayburn, then the Speaker, the committee was enlarged to 15 members, with 10 majority party members. This made it easier for the leadership to get rules from the committee on controversial legislation. In this Congress the Rules Committee, under the chairmanship of RAY MADDEN, has attempted to work closely with the leadership to develop the legislative program for the House.

In the Senate, the increased efficiency has been largely attributable to the spirit of accommodation and cooperation between the majority and minority leadership. When I first came to the Senate, prolonged consideration of a single controversial bill could bring the Senate to a virtual standstill, preventing action on any other item of importance. Today, the Senate works on a multitrack system permitting the simultaneous consideration of several bills on the Senate calendar. Because of this system, the Senate can now act to complete the people's business whereas in previous years it was sometimes powerless to act.

Thus, in both House and Senate, it is now possible for the leaders to schedule business with greater certainty and far greater efficiency than 15 years ago. While this does not mean that Congress has successfully overcome its massive and ever-increasing workload, or that Congress acts on every issue requiring congressional attention, it does represent an important, an indispensable step in that direction.

ASSERTING CONGRESSIONAL POWER

Within the last year Congress has begun to assert itself in areas where there had been unprecedented surrender of congressional power to the executive.

The Congress has passed over the President's veto legislation to restore to the Congress much of the war-making power by requiring congressional approval of any Executive commitment of troops to foreign military action within 60 days of such commitment. In addition, the President can commit U.S. Armed Forces to hostilities only pursuant to a declaration of war, specific statutory authorization, or a national emergency created by an attack upon the United States, its territories, possessions or Armed Forces.

Congress has passed and sent to the President a budget reform act that will force the Congress to establish a ceiling on spending, make decisions on spending priorities itself and for the first time become fiscally disciplined and responsible. The act requires Congress, before acting on appropriations and spending measures, to adopt a budget resolution setting target figures for total appropriations, total spending and appropriate tax and debt levels. New House and Senate committees would be created to analyze budget options and to prepare the budget resolutions. The act also provides procedures for putting limits on backdoor spending programs and for forcing the President to spend impounded funds.

It is my hope that the War Powers Act and the Budget Reform Act signal a new

congressional awareness of the constitutional powers delegated to the legislative branch and will be followed by additional legislation.

In reviewing congressional reform it is clear that there is much more to be done, yet I think we have made significant strides in modernizing the Congress during the last 15 years. At this time of low public regard for Congress, I think the record of our achievements in congressional reform needs to be pointed out.

Mr. President, I yield the floor.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Chair recognizes the Senator from Alabama (Mr. SPARKMAN), for consideration of the Export-Import Bank legislation.

SENATE JOINT RESOLUTION 218—EXTENSION OF EXPIRATION DATE OF THE EXPORT-IMPORT BANK ACT OF 1945

Mr. SPARKMAN. Mr. President, I introduce for myself and the Senator from Texas (Mr. TOWER) a joint resolution to extend the operations of the Export-Import Bank for 30 days. Under existing law, the authority of the bank expires on June 30. Our committee has completed its work on this legislation, but it is unlikely that the legislation will be reported and can be considered by the Senate and the House of Representatives before the expiration date of the law.

Our joint resolution would simply give Congress the time it needs to consider the legislation properly by extending the operation of the bank for 30 days.

I send the joint resolution to the desk and ask unanimous consent for its immediate consideration.

The Senate proceeded to consider the joint resolution (S.J. Res. 218) which was read twice by its title, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 of the Export-Import Bank Act of 1945 is amended by striking out "June 30" and inserting in lieu thereof "July 30".

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

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I had planned to do whatever one Senator could do to hold up this joint resolution.

I have been concerned for some time about the vast sums of American tax dollars that have been made available to the Soviet Union—hundreds of millions of dollars, and at subsidized interest rates.

I felt that this action by the Export-Import Bank was contrary to the clear intent of the House of Representatives, which has passed legislation putting certain restrictions on loans to the Soviet Union. It is true that the Senate has not yet passed such legislaion, but the House has clearly acted.

The U.S. Government has been borrowing money at 9 percent and loaning it to Russia at 6 to 7 percent. No American or American company can borrow money at that interest rate; mostly it is 11 percent.

Yesterday I had a very satisfactory talk with the President and Chairman of the Export-Import Bank of the United States, the Honorable William J. Casey. That discussion was followed up by a letter to me from Mr. Casey, of which I shall read the last paragraph, and then, when I conclude my remarks, I shall ask that the entire letter be printed in the RECORD.

The last paragraph of the letter is as follows:

I want to assure you that the Bank will not act on this commitment or extend any other financing to the Soviet Union until such time as Congress has determined what policies the Bank should follow in this regard and has enacted the legislation presently before the Banking, Housing and Urban Affairs Committee.

That is the end of the quotation from the letter to me signed by William J. Casey, President and Chairman, Export-Import Bank of the United States. I commend Mr. Casey for his assurance and his attitude.

Mr. President, that letter takes care fully, clearly, and explicitly of the problem which I previously had with this joint resolution extending the life of the Export-Import Bank. As a result of this letter and as a result of my conversation yesterday with Mr. Casey, I am pleased to support the joint resolution offered by the distinguished senior Senator from Alabama.

I ask unanimous consent that the letter to me dated June 25, 1974, signed by Mr. William J. Casey, be printed in the RECORD at this point.

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

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., June 25, 1974.

Hon. HARRY F. BYRD, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: The Senate has before it a Joint Resolution which would extend the life of the Bank from June 30, 1974 to July 31, 1974. Certain questions have arisen regarding new transactions with the U.S.S.R.

Since I became Chairman of the Export-Import Bank on March 14, of this year, the Bank has refrained from issuing any new commitments for transactions in the U.S.S.R. until such time as the Congress has determined the policy guidelines for the Bank to follow. During this period we have done nothing beyond honoring commitments previously made. Only one such commitment is now outstanding. We have not heard anything about it for some time and don't know if the deal, which relates to a transfer line to produce crankshaft half bearings, is still alive.

I want to assure you that the Bank will not act on this commitment or extend any other financing to the Soviet Union until such time as Congress has determined what policies the Bank should follow in this regard and has enacted the legislation presently before the Banking, Housing and Urban Affairs Committee.

Sincerely,

WILLIAM J. CASEY.

The ACTING PRESIDENT pro tempore. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

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

The ACTING PRESIDENT pro tempore. The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (S.J. Res. 218) was passed.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business under the usual stipulations, not to extend beyond the hour of 11:20 a.m. today.

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

Mr. MANSFIELD. At the end of that time, I ask unanimous consent that Calendar No. 927, H.R. 13221, an act to authorize appropriations for the saline water program, be laid before the Senate and made the pending business, even though the unfinished business will continue to be laid aside temporarily.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Is there further morning business?

ASSISTANCE TO VIETNAM VETERANS

Mr. McGOVERN. Mr. President, the House and Senate conferees are about to meet on matters relating to the veterans of the Vietnam war. I have today written the following letter to the Senator from Indiana (Mr. HARTKE), who is chairman on the Senate side of that conference:

JUNE 26, 1974.

DEAR VANCE: I am deeply distressed to learn that there is a possibility that the tuition allowance included in the Senate Vietnam Veterans bill may be eliminated by the House-Senate conferees. This would be a catastrophe for the veterans and a grave injustice. I personally will not tolerate it.

If the tuition allowance is eliminated from the veterans bill, I intend to fight the conference report with all of my strength on the Senate floor. It is an outrage that we would send these young men by the millions into battle and then deny them the educational benefits which you and I and other members of the World War II generation enjoyed at the end of that war.

I think our participation in the Vietnam war was a tragic and costly mistake, and like you, I said so for many years. But this should in no way reflect on the veterans who participated in that war. They were not the architects of the war. They were its victims, and we have a special obligation to see that the allowances given to them are at least as generous as the ones given to us at the end of the second world war.

I urge that you insist on the Senate version of the bill and continue your brave and effective efforts toward that end.

Sincerely yours,

GEORGE MCGOVERN.

Mr. McGOVERN. I realize it is a little unusual to speak about a conference while it is still in progress, but this is a matter of great importance to several million young men of the Vietnam era who are not being fairly treated.

The cost of higher education in this country has increased three times as fast as we have increased the educational allowances. There is no way that millions of these young men can possibly finance their education at today's costs, if we do not maintain in this pending legislation the tuition allowances at the level provided for in the Senate bill.

Let me stress again, and I hope that other Senators will stand with me in this effort, that if the conferees do not see fit to include that provision in the bill, we should reject the conference report and send it back and insist that justice be done toward these young men who participated in this tragic war in Southeast Asia.

I think especially that those of us who were critics of the war have an obligation to see to it that these young men who participated are fairly and justly treated.

QUORUM CALL

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

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

The second assistant legisative 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 ACTING PRESIDENT pro tempore. Without objection it is so ordered.

SUDANESE JUSTICE

Mr. ROBERT C. BYRD. Mr. President, a Sudanese court has sentenced eight Palestinian guerrillas to life imprisonment for the murder of U.S. Ambassador Cleo Noel and Chargé d'Affaires George Moore.

Sudanese President Jaafar Numeiry reduced the sentences to 7 years' imprisonment, and the convicted men have been turned over to the custody of the Palestine Liberation Organization to serve their sentences because, the Sudanese Premier said:

The PLO is the legal representative of the Palestinian people.

The decision to hand the murderers over to the Palestinian Liberation Organization is tantamount to setting them free, notwithstanding the fact that all eight accused admitted the murders, and said in court that they were members of the Black September terrorist arm of the PLO. This is a disgraceful miscarriage of justice.

Prior to, and during the trial in Khartoum, the Sudanese Government came under strong political pressure to treat the guerrillas as fighters for the Arab cause and set them free. It is obvious that by taking the steps he has taken, President Numeiry and the Sudanese Government bowed to this pressure, while allowing the mockery of a trial and punishment to take place.

On three occasions in 1973 and 1974, I asked Secretary of State Kissinger for status reports on the conduct of this case. On each occasion I was assured by letter signed by the Assistant Secretary for Congressional Relations at the State Department that the judicial process in Khartoum was being carefully monitored by the U.S. Government. The last assurance I received was dated March 21, 1974, and that letter informed me that the case had been remanded for trial under five provisions of the Sudanese penal code, including murder.

Mr. President, I am well aware that the United States cannot interfere in the judicial processes of a sovereign state. I am well aware that under international protocol and usage our Government's hands were tied as far as having any influence in the trial, the sentence or the reported disposition of the criminals. But I am also aware that this is a disgraceful situation, and one that brings us no honor when eight self-admitted murderers of two American diplomats can apparently commit such a dastardly act and pay no penalty for their crimes.

Our recent improved relations with the Arab world have been the subject of much praise and congratulations for the efforts of Secretary of State Kissinger in this regard. I have no wish to denigrate these considerable diplomatic achievements, which conceivably will have important future benefits for the United States.

I am constrained to ask, however, whether, in the euphoria of these diplomatic triumphs, the human element in our relationships may not have been consigned into limbo. I wonder about the feelings of the families of Ambassador Noel and Charge d'Affaires Moore at this time, with their knowledge that their loved ones gave their lives for their country just as surely as any American ever gave his life on the battlefield.

Mr. President, I do not call for revenge, but I do call for justice. It is most unlikely that anything can now be done as far as the eight murderers are concerned. But it is surely within the bounds of possibility that the U.S. Government can make it abundantly clear to our new-found friends in the Middle East that such flagrant flaunting of justice and human decency will not be tolerated if the spirit of cooperation and friendliness so recently established is to continue.

The U.S. Ambassador to the Sudan has been recalled for consultation. Perhaps the recall should be permanent.

The United States rightly expressed outrage at the massacre of the Israeli Olympic athletes in Munich by the Palestinian terrorists of the Black September organization. We should feel equal or greater outrage at the latest example of bending the knee to that same group of inhuman killers. If peace in the Middle East is to become a reality, and if American efforts to bring about that peace are to be more than just lipservice, it must be a part of our Government's responsibility to insure that no man, or no nation, can murder Americans who are in the performance of their duties abroad, in the knowledge or the assumption that their foul crimes will go unpunished.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. 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. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

A resolution of the House of Delegates of the Indiana State Bar Association pertaining to the need for the creation of two additional Federal judgeships in Indiana. Referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EAGLETON, from the Committee on the District of Columbia, without amendment:

S. 3477. A bill to amend the act of August 9, 1955, relating to school fare subsidy for transportatoin of schoolchildren within the District of Columbia (Rept. No. 93-965).

By Mr. EAGLETON, from the Committee on the District of Columbia, without amendment:

S. 3703. An original bill to authorize in the District of Columbia a plan providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the District of Columbia, and for other purposes (Rept. No. 93-966).

By Mr. EAGLETON, from the Committee on the District of Columbia, with an amendment:

H.R. 15074. An act to regulate certain political campaign finance practices in the District of Columbia, and for other purposes (Rept. No. 93-967).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 2838. A bill for the relief of Michael D. Manemann (Rept. No. 93-968).

H.R. 3534. An act for the relief of Lester H. Kroll (Rept. No. 93-969).

H.R. 5266. An act for the relief of Ursula E. Moore (Rept. No. 93-970).

H.R. 7128. An act for the relief of Mrs. Rita Petermann Brown (Rept. No. 93-971).

H.R. 7397. An act for the relief of Viola Burroughs (Rept. No. 93-972).

H.R. 8823. An act for the relief of James A. Wentz (Rept. No. 93-974).

H.R. 9800. An act to amend sections 2733 and 2734 of title 10, United States Code, and section 715 of title 32, United States Code, to increase the maximum amount of a claim against the United States that may be paid administratively under those sections and to allow increased delegation of authority to settle and pay certain of those claims (Rept. No. 93-973).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 1193. A bill for the relief of Oscar H. Barnett (Rept. No. 93–975).

By Mr. HARTKE, from the Committee on Veterans' Affairs, without amendment:

S. 3705. An original bill to amend title 38, United States Code, to provide a 10-year delimiting period for the pursuant of educational programs by veterans, wives, and widows (Rept. No. 93–977). Considered and passed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Thomas R. Bomar, of Virginia, to be a member of the Federal Home Loan Bank Board for the term expiring June 30, 1978.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PASTORE, from the Committee on Commerce:

The following named persons to be members of the Federal Communications Commission:

Abbott Washburn, of the District of Columbia;

Glen O. Robinson, of Minnesota; and

Robert E. Lee, of the District of Columbia.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced or reported, read the first time and, by unanimous consent, the second time, and referred, placed on the calendar, or passed as indicated:

By Mr. HUGH SCOTT:

S. 3702. A bill to establish a national program for the employment of Vietnam-era veterans within the Federal Government. Referred to the Committee on Veterans' Affairs.

By Mr. EAGLETON:

S. 3703. An original bill to authorize in the District of Columbia a plan providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the District of Columbia, and for other purposes. Ordered placed on the calendar.

By Mr. BARTLETT (for himself and Mr. BELLMON):

S. 3704. A bill to amend section 1 of Public Law 90–503 (82 Stat. 853). Referred to the Committee on Interior and Insular Affairs.

By Mr. HARTKE:

S. 3705. An original bill to amend title 38, United States Code, to provide a 10-year delimiting period for the pursuit of educational programs by veterans, wives, and widows. Considered and passed.

By Mr. SPARKMAN (for himself and Mr. TOWER):

S.J. Res. 218. A joint resolution to extend by 30 days the expiration date of the Export-Import Bank Act of 1945. Considered and passed.

By Mr. HRUSKA (by request):

S.J. Res. 219. A joint resolution to authorize the President to proclaim the period of September 15, 1974, through October 15, 1974, as "Johnny Horizon '76 Clean Up America Month." Referred to the Committee on the Judiciary.

By Mr. FULBRIGHT (for himself, Mr. JACKSON, and Mr. HUGH SCOTT):

S.J. Res. 220. A joint resolution to provide for the reappointment of Dr. William A. M. Burden as Citizen Regent of the Board of Regents of the Smithsonian Institution;

S.J. Res. 221. A joint resolution to provide for the reappointment of Dr. Caryl P. Haskins as Citizen Regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 222. A joint resolution to provide for the appointment of Dr. Murray Gell-Mann as Citizen Regent of the Board of Regents of the Smithsonian Institution. Referred to the Committee on Rules and Administration.

THE STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUGH SCOTT:

S. 3702. A bill to establish a national program for the employment of Vietnam-era veterans within the Federal Government. Referred to the Committee on Veterans' Affairs.

Mr. HUGH SCOTT. Mr. President, I introduce today for appropriate reference a bill to establish a national program for the employment of Vietnam-era veterans within the Federal Government, because the veterans of that war have been neglected by comparison with the treatment accorded by the Government to veterans of other wars and should no longer be the forgotten men.

Mr. President, the Vietnam veteran has long been the forgotten man when Federal legislation has been enacted. This may be an effort to forget this highly unpopular war. But forgetting the war is one thing; forgetting the men who fought in it is another. From the mail I get from Vietnam veterans and in personal conversations I have had with them, they tell me that their greatest hardship is the inability to find employment. Hopefully this bill will provide them substantial assistance.

This bill, a companion to a bill introduced in the House by my colleague from Pennsylvania, Representative JOSEPH McDADE, will automatically qualify a Vietnam veteran, including a disabled veteran, for employment by a Federal agency up to the pay level of GS–6, or an annual maximum of $9,100. The veteran would be eligible during his employment for additional job training. After a year on the job, the veteran would be eligible for career civil service status based on his satisfactory performance in the job and his completion of educational programs if he had been involved in such programs.

I urge my colleagues to give this worthwhile legislation their most careful consideration. I ask unanimous consent that the text of the bill be printed in the RECORD immediately following my remarks.

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

S. 3702

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vietnam Veterans Federal Employment Act".

SECTION 1. (a) The director of an agency is authorized to make an excepted appointment, to be known as a Vietnam veterans appointment, to any position in the competitive civil service, up to and including GS-6, or the equivalent thereof, of a veteran or disabled veteran, as defined in section 2108 (1), (2), of title 5, United States Code, who—

(1) served on active duty in the Armed Forces of the United States during the Vietnam era; and

(2) is found qualified to perform the duties of the position.

(b) Employment under paragraph (a) of this section is authorized in conjunction with a training or educational program developed by an agency in accordance with the guidelines established by the Civil Service Commission.

(c) An employee given a Vietnam veterans appointment under paragraph (a) of this section shall serve subject to—

(1) the satisfactory performance of assigned duties; and

(2) participation in the training or educational program to which he may be appointed.

(d) An employee who does not satisfactorily meet the conditions set forth in paragraph (c) of this section shall be removed in accordance with appropriate procedures.

(e) An employee serving under a Vietnam veterans readjustment appointment may be promoted, reassigned, or transferred.

(f) An employee who completes the training or educational program or who has satisfactorily completed one year of substantially continuous service under a Vietnam veterans appointment shall be converted to career-conditional or career employment. An employee converted under this paragraph shall automatically acquire a competitive status.

(g) In selecting an applicant for appointment under this section, an agency shall not discriminate because of race, color, religion, sex, national origin, or political affiliation.

SEC. 2. (a) A person eligible for appointment under section 1 of this Act may be appointed only within two years after his separation from the Armed Forces, or two years following his release from hospitalization or treatment immediately following his separation from the Armed Forces or two years after involuntary separation without cause from (i) a Vietnam veterans appointment or (ii) a transitional appointment, or two years after the effective date of this Act if he is serving under a transitional appointment.

(b) The Civil Service Commission may determine the circumstances under which service under a transitional appointment for the purpose of paragraph (f) of section 1 of the order.

SEC. 3. Any law, Executive order, or regulation which would disqualify an applicant for appointment in the competitive service shall also disqualify a person otherwise eligible for appointment under section 1 of this order.

SEC. 4. For the purpose of this order—

(a) "agency" means a military department as defined in section 102 of title 5, United States Code, an executive agency (other than the General Accounting Office) as defined in section 105 of title 5, United States Code, and those portions of the legislative and judicial branches of the Federal Government and of the government of the District of Columbia having positions in the competitive service; and

(b) "Vietnam era" means the period beginning August 5, 1964, and ending on such date thereafter as may be determined by Presidential proclamation or concurrent resolution of the Congress.

SEC. 5. The Civil Service Commission shall prescribe such regulations as may be necessary to carry out the provisions of this Act.

SEC. 6. An agency director shall file an affirmative action report biannually with the

Civil Service Commission, the Veterans' Administration, and the Congress. Such reports shall detail that agency's progress under the Vietnam veteran appointment program.

By Mr. HRUSKA (by request):

Senate Joint Resolution 219. A joint resolution to authorize the President to proclaim the period of September 15, 1974, through October 15, 1974, as "Johnny Horizon '76 Clean Up America Month." Referred to the Committee on the Judiciary.

Mr. HRUSKA. Mr. President, I am today introducing by request a joint resolution authorizing the President to proclaim the period of September 15, 1974 through October 15, 1974 as "Johnny Horizon '76 Clean Up America Month."

I introduced a measure last year for the same purpose. On September 13, 1973, the Senate passed House Joint Resolution 695, an identical House-passed resolution.

The purpose for this resolution is to bring recognition to a continuing nationwide program of environmental improvement. It is designed as a public service campaign and relies heavily on local sponsorship.

As in the past year, the period between September 15 and October 15 will be reserved for scheduling events to encourage the cleaning up of America's environment. I understand that passage of a congressional resolution in 1973 greatly enhanced the success which resulted from the earlier program.

I am advised that this program has been officially recognized by the American Revolution Bicentennial Administration to promote a cleanup of America prior to the 200th birthday celebration in 1976. Government agencies such as the Civil Service Commission, General Services Administration, Department of Transportation, and Department of Defense have also endorsed and promoted this program. It has also received the support of the U.S. Postal Service, the National Governors Conference, and many national associations, both civic and commercial.

I urge my colleagues to support this measure. I ask unanimous consent that a copy of the joint resolution be printed in the RECORD immediately following my remarks.

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

S.J. RES. 219

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the period of September 15, 1974 through October 15, 1974, as "Johnny Horizon '76 Clean Up America Month" and calling upon the people of the United States and interested groups and organizations to observe such period with appropriate ceremonies and activities.

By Mr. FULBRIGHT (for himself, Mr. JACKSON, and Mr. HUGH SCOTT):

S.J. Res. 220. A joint resolution to provide for the reappointment of Dr. William A. M. Burden as Citizen Regent of the Board of Regents of the Smithsonian Institution;

S.J. Res. 221. A joint resolution to provide for the reappointment of Dr. Caryl P. Haskins as Citizen Regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 222. A joint resolution to provide for the appointment of Dr. Murray Gell-Mann as Citizen Regent of the Board of Regents of the Smithsonian Institution. Referred to the Committee on Rules and Administration.

Mr. FULBRIGHT. Mr. President, at the request of the Board of Regents of the Smithsonian Institution, I introduce for myself, Senator SCOTT of Pennsylvania, and Senator JACKSON, three joint resolutions to provide for the reappointment of Dr. William A. M. Burden and Dr. Caryl P. Haskins, and for the appointment of Dr. Murray Gell-Mann as Citizen Regents of the Board of Regents of the Smithsonian Institution, each for the statutory term of 6 years.

I ask unanimous consent that these resolutions be printed in the RECORD, together with biographical sketches of each of the appointees.

There being no objection, the resolutions and biographical sketches were ordered to be printed in the RECORD, as follows:

S.J. RES. 220

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of Doctor William A. M. Burden of New York, New York, on July 2, 1974, be filled by the reappointment of the present incumbent for the statutory term of six years.

S. J. RES. 221

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of Doctor Caryl P. Haskins of Washington, District of Columbia, on May 30, 1974, be filled by the reappointment of the present incumbent for the statutory term of six years.

S. J. RES. 222

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of Doctor Crawford H. Greenewalt of Wilmington, Delaware, on May 30, 1974, be filled by the appointment of Dr. Murray Gell-Mann of California for the statutory term of six years.

BIOGRAPHICAL SKETCHES

BURDEN, WILLIAM ARMSTEAD MOALE

Financier; b. N.Y.C., Apr. 8, 1906; s. William A. M. and Florence Vanderbilt (Twombly) B.; A. B. cum laude, Harvard, 1927; D. Sc., Clarkson Coll. Tech., 1953; LL. D., Fairleigh Dickinson U., 1965, Johns Hopkins U., 1970; m. Margaret Livingston Partridge, Feb. 16, 1931; children—William A. M. (dec.), Robert Livingston, Hamilton Twombly, Ordway Partridge. Analyst aviation securities Brown Bros., Harriman & Co. N.Y.C. 1928–32; charge of aviation research Scudder Stevens & Clark N.Y.C. 1932–39; v.p. dir. Nat. Aviation Corp., aviation investment trust, N.Y.C., 1939–41; v.p. Def. Supplies Corp. (subsidiary RFC), 1941–42; spl. aviation asst. Sec. of Commerce, 1942–43; mem. NACA, 1942–47, asst. Sec. Commerce for Air, 1943–47; U.S. del. Civil Aviation Conf., 1944; chmn. U.S. delegation interim assembly Provisional Internat. Civil Aviation Orgn., 1946; aviation cons. Smith Barney & Co., Inc., 1947–49; partner William A. M. Burden & Co., 1949—; spl. asst. for research and devel. to Sec. of Air Force, 1950–52; mem. Nat. Aeros. and Space Council, 1958–59; U.S. ambassador to Belgium, 1959–61; mem. U.S. Citizens Commn. for NATO, 1961–62; dir. Am. Metal Climax, CBS, Inc., Mfrs. Hanover Trust Co. (hon.). Chmn. bd. Inst. for Def. Analyses, 1961—; trustee, past pres., chmn. Mus. Modern Art; gov. Soc. of N.Y. Hosp., 1950—; trustee Columbia, 1956—, Fgn. Service Edn. Found., French Inst. in U.S., Regent Smithsonian Instn., 1962—; bd. dirs. Atlantic council U.S., 1961—; bd. govs. Atlantic Inst., 1964—. Decorated comdr. Cruzeiro do Sul (Brazil), comdr.'s cross Order of Merit (Fed. Republic Germany), grand official El Sol del Peru (Peru), grand officer French Legion of Honor, comdr.'s cross Order of Merit (Italy), grand cordon Order of Leopold (Belgium), asso. comdr. (Bro.) Order of St. John Mem. Council Fgn. Relations (dir.), Am. Inst. Aeros. and Astronautics, France-Am. Soc. (pres.), Confrerie des Chevaliers du Tastevin. Clubs: Somerset (Boston, Mass.); The Brook, Racquet and Tennis, River, Links, Century, Downtown Assn. (N.Y.C.); Metropolitan, Chevy Chase, Cosmos (Washington); Buck's and White's (London); Travelers (Paris). Author: The Struggle for Airways in Latin America, 1943. Address: 630 Fifth Av. New York City N.Y. 10020.

HASKINS, CARYL PARKER

Educator, research scientist; b. Schenectady, Aug. 12, 1908; s. Caryl Davis and Frances Julia (Parker) H.; Ph. B., Yale, 1930; Ph. D., Harvard, 1935; D.Sc., Tufts Coll., 1951, Union Coll., 1955, Northeastern U., 1955, Yale, 1958, Hamilton Coll., 1959, George Washington U., 1963 LLD., Carnegie Inst. Tech., 1960. U. Cin., 1960, Boston Coll., 1960, Washington and Jefferson Coll., 1961, U. Del., 1965; m. Edna Ferrell, July 12, 1940. Staff mem. research lab. Gen. Electric Co., Schenectady, 1931–35; research asso. Mass. Inst. Tech. 1935–45; pres., research dir. Haskins Labs., Inc. 1935–55, dr., 1935–, Chmn. bd., 1970–; pres. Carnegie Instn. of Washington, 1956–71, also trustee. Dir. E.I. duPont de Nemours & Co. Asst. liaison officer OSRD. 1941–42, sr. liaison officer, 1942–43; exec. asst. to chmn. NDRC, 1943–44, dep. exec. officer, 1944–45; sci. adv. bd. Policy Council, Research and Devel. Bd. of Army and Navy 1947–48; cons. Research and Develop. Bd., 1947–51, to sec, of def., 1950–60, to sec. of state 1950–60; mem. President's Sci. Adv. Com., 1955–58, cons., 1959–; mem. President's Nat. Adv. Comm. on Libraries, 1966–67; mem. Joint U.S.–Japan Com. on Sci. Coop., 1961–67, cons., 1967–, Internat. Conf. Insect Physiology and Entomology; panel advisers Bur. East Asian and Pacific Affairs, Dept. of State, 1966–68. Trustee Carnegie Corp. N.Y., 1955–, Rand Corp., 1955–65, 66–; fellow Yale Corp., 1962–; regent Smithsonian Instn., 1956–; bd. dirs. Council Fgn. Relations, 1961–, Population Council, Ednl. Testing Service, Center for Advanced Study in Behavioral Scis., Inst. Current World Affairs, Arctic Inst. N.Am., Schenectady Trust Co., Woods Hole Oceanographic Instn., Nat. Geog. Soc., Franklin Book Programs, 1953–58, Council on Library Resources, Pacific Sci. Center Found., Asia Found., Marlboro Coll. Mem. vis. coms. Harvard Overseers Com., Johns Hopkins; U.; bd. visitors, Tulane U. Recipient Certificate of Merit (U.S.), 1948, Kings Medal for Service in Cause of Freedom (Gt. Britain), 1948. Fellow Am. Phys. Soc., A.A.A.S. (dir.), Am. Acad. Arts and Scis., N.Y. Zool. Soc., Pierpont Morgan Library, Royal Entomol. Soc. (Gt. Britain), Entomol. Soc. Am.; mem. Washington Acad. Scis., Royal Soc. Arts (Benjamin Franklin fellow), Faraday Soc., Met. Mus. Art, Am. Mus. Natural History, Am. Philos. Soc., Brit. Assn. Advancement Sci., Au-

dubon Soc., Save-the-Redwoods League, West Australian Naturalist Soc., Biophys. Soc. Nat. Acadm. Sci. N.Y. Acad. Scis., N.Y. Bot. Garden, P.E.N., Pilgrims, Sigma Xi (nat. pres. 1967–69), Delta Sigma Rho, Omicron Delta Kappa, Phi Beta Kappa, Episcopalian Clubs: Century, Coffee House (N.Y.C.); Mohawk (Schenectady); Metropolitan, Cosmos, Chevy Chase, Federal City, University (Washington). Author: Of Ants and Men, 1939; The Amazon, 1943; Of Societies and Men, 1950; The Scientific Revolution and World Politics, 1964; contbr. to anthologies and tech. papers. Editor: The Search for Understanding, 1967; (with others): Am. Scientist, 1971–. Home: 1545 18th St., N.W., Washington, D.C. 20036, Office: 2100 M St., N.W., Washington, D.C. 20037 also; 22 Green Acre Lane Westport Ct. 06880.

GELL-MANN, MURRAY

Theoretical physicist; b. N.Y.C., September 15, 1929; s. Arthur and Pauline (Reichstein) Gell-M.; B.S., Yale, 1948; Ph.D., Mass. Inst. Tech., 1951; m. J. Margaret Dow, April 19, 1955; children—Elizabeth, Nicholas. Mem. Inst. for Advanced Study, 1951; instr. U. Chicago, 1952–53; asst. prof., 1953–54, asso. prof., 1954, research dispersion relations, developed strangeness theory; asso. prof. Cal. Inst. Tech., Pasadena, 1955–56, prof., 1956—, now R. A. Millikan prof. physics, research theory of weak interactions, developed eightfold way theory and Quark scheme. NSF post doctoral fellow, vis. prof. Coll. de France and U. Paris, 1959–60. Recipient Dannie Heineman prize Am. Phys. Soc., 1959; E. O. Lawrence Meml. award AEC, 1966; Franklin medal, 1967; Carty medal Nat. Acad. Scis., 1968; Research Corp. award, 1969; Nobel prize in physics, 1969. Fellow Am. Phys. Soc.; mem. Nat. Acad. Scis., Am. Acad. Arts and Scis. Club: Cosmos. Author (with Y. Ne'eman) Eightfold Way. Home: 1024 Armada Dr., Pasadena, California 91103.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3460

At the request of Mr. DOMINICK, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 3460 to amend the Internal Revenue Code of 1954 with respect to certain charitable contributions.

S. 3556

At the request of Mr. PERCY, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 3556, the Highway Energy Conservation and Safety Act of 1974.

S. 3564

At the request of Mr. EASTLAND, the Senator from Mississippi (Mr. STENNIS), the Senator from Alabama (Mr. SPARKMAN), the Senator from Tennessee (Mr. BAKER), the Senator from Alabama (Mr. ALLEN), and the Senator from Tennessee (Mr. BROCK) were added as cosponsors of S. 3564, to authorize the financing of parkways from the highway trust fund.

S. 3571

At the request of Mr. PERCY, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 3571, the Higher Education Expenses Tax Deferment Act.

S. 3641

At the request of Mr. MONTOYA, the Senator from Rhode Island (Mr. PASTORE) was added as a cosponsor of S. 3641 to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes.

S. 3698

At the request of Mr. PASTORE, the Senator from Kentucky (Mr. COOK) was added as a cosponsor of S. 3698, to amend the Atomic Energy Act of 1954.

SENATE JOINT RESOLUTION 217

At the request of Mr. DOMINICK, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of Senate Joint Resolution 217, to designate the third week of September of each year as "National Medical Assistants Week."

SENATE CONCURRENT RESOLUTION 95—SUBMISSION OF A CONCURRENT RESOLUTION TO PROVIDE FOR A "U.S. SPACE WEEK"

(Referred to the Committee on the Judiciary)

Mr. BENTSEN. Mr. President, I rise today to introduce a resolution calling for the creation of a "U.S. Space Week" which would commemorate the accomplishments of our country in the field of space technology. Yearly, on the Monday of the week which contains the date of July 20, all Americans could observe this occasion with appropriate ceremonies and festivities.

I am sure that Americans remember with pride that day, July 20, 1969, when Neil Armstrong took that "one small step for a man, but one giant leap for mankind," and for a brief moment, moment, brought the world closer together. Many events which may appear Earth-shaking today, will fade into oblivion as time marches on, but man's first walk on a world not his own will live in the pages of history forever. Far from commemorating just this one event however, "U.S. Space Week" would be a tribute to the sacrifices and triumphs of all Americans, from the astronauts who gave their lives toward the accomplishment of these remarkable goals, to the American citizens who gave their tax dollars to make these programs possible.

The space program in the United States has truly been a concerted effort on the part of all Americans to make giant leaps across the dark expanses of the unknown in order to expand our knowledge. From Florida to Texas, from California to Hawaii; all across the United States, Americans have worked together to make dreams become reality.

It is for these reasons, Mr. President, that I present this resolution calling for the creation of a "U.S. Space Week," and ask unanimous consent that it be inserted into the RECORD.

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

S. CON. RES. 95

Resolved by the Senate (the House of Representatives concurring), whereas a purpose of the United States space program is the peaceful exploration of space for the benefit of all mankind; and

Whereas the United States space program and its technology directly and indirectly benefit relations among countries, astronomy, medicine, business, air and water cleanliness, urban development, industry, agriculture, law enforcement, safety, communications, the study of Earth resources, weather forecasting, and education; and

Whereas the United States space program has an efficient organization and strong moral leadership, both of which serve as good examples to the people of the United States and to the people of all nations; and

Whereas the National Aeronautic and Space Administration and other organizations throughout the world involved in space exploration programs have cooperated in the cause of the peaceful exploration of space for the benefit of all mankind; and

Whereas the United States space program, through Project Apollo and other space efforts, has provided our Nation with scientific and technological leadership in space; and

Whereas the United States aerospace industry and educational institutions throughout the United States contribute much to the United States space program and to the Nation's economy; and

Whereas in the week of July 15 through 21, 1969, the people of the world were brought closer together by the first manned exploration of the Moon: Now, therefore, be it

Resolved by the Senate (the House of Representatives Concurring), That the President is requested to issue a proclamation designating the seven-day period, beginning on Monday, that contains the July 20 date of each year as "United States Space Week", and calling upon the people of the United States to observe such period with appropriate ceremonies and activities.

SENATE RESOLUTION 349—SUBMISSION OF A RESOLUTION RELATING TO PRINTING OF THE REPORT "MATERIAL NEEDS AND THE ENVIRONMENT TODAY AND TOMORROW"

(Referred to the Committee on Rules and Administration.)

Mr. RANDOLPH submitted the following resolution:

S. RES. 349

Resolution authorizing the printing of the report entitled "Material Needs and the Environment Today and Tomorrow," as a Senate document.

SENATE RESOLUTION 350—ORIGINAL RESOLUTION REPORTED AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON FINANCE (REPT. NO. 93–976)

(Referred to the Committee on Rules and Administration)

Mr. LONG, from the Committee on Finance, reported the following original resolution:

S. Res. 350

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Finance, or any subcommittee thereof, is authorized from the date this resolution is agreed to, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $30,000, of which amount not to exceed $18,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1)

of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SENATE RESOLUTION 351—SUBMISSION OF RESOLUTION RELATING TO AN INVESTIGATION OF PRICE SPREADS AND MARGINS FOR LIVESTOCK, DAIRY PRODUCTS, POULTRY, AND EGGS

(Referred to the Committee on Agriculture and Forestry.)

Mr. McGOVERN submitted the following resolution:

S. RES. 351

Whereas a strong and viable farm livestock industry is essential to the very well-being of this Nation's economy; and

Whereas costs of production in the livestock, dairy, poultry, and egg industry have skyrocketed and show no signs of abatement; and

Whereas the ability to provide the consumers of this Nation with an abundance of quality food now, and in the future, is thus being jeopardized; and

Whereas farm prices of livestock, dairy products, poultry, and eggs have declined materially; and

Whereas these reduced prices to farmers do not appear to have been fully reflected in reductions of prices at retail to consumers: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate, that the Federal Trade Commission undertake immediately an investigation of margins that exist between farm prices of the specified commodities and prices at retail, to determine—

(a) the margins that exist now and have existed in the past for the specified commodities;

(b) the changes in the relative values of the items that comprise the margin;

(c) whether these margins fully reflect appropriate farm price changes;

(d) whether any important level in the food marketing chain experienced any losses since August of 1973;

(e) profits of each important level in the food marketing chain;

(f) on a preliminary basis whether market power concentration exists to the extent that such concentration impedes competitive forces.

ADDITIONAL COSPONSORS OF A RESOLUTION

At the request of Mr. INOUYE, the Senator from Utah (Mr. BENNETT) and the Senator from Wyoming (Mr. McGEE) were added as cosponsors of Senate Resolution 347, relating to the role of the Federal Government in tourism in the United States.

CONSERVATION AND REHABILITATION PROGRAMS ON MILITARY RESERVATIONS—AMENDMENT

AMENDMENT NO. 1533

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

Mr. ABOUREZK submitted an amendment, intended to be proposed by him, to the bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENT

AMENDMENT NO. 1534

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

Mr. McGOVERN (for himself, Mr. DOLE, Mr. HUMPHREY, and Mr. ABOUREZK) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1469

At the request of Mr. BEALL, the Senator from Hawaii (Mr. FONG) was added as a cosponsor of amendment No. 1469, intended to be proposed to the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 1487

At the request of Mr. NELSON and Mr. ERVIN, the Senators from Illinois (Mr. PERCY and Mr. STEVENSON), the Senators from Iowa (Mr. HUGHES and Mr. CLARK), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Maine (Mr. HATHAWAY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. JACKSON), the Senator from California (Mr. TUNNEY), the Senator from Oregon (Mr. HATFIELD), the Senator from Montana (Mr. METCALF), the Senator from New York (Mr. JAVITS), and the Senator from Maine (Mr. MUSKIE) were added as cosponsors of amendment No. 1487, intended to be proposed to repeal the no-knock provisions of S. 3355, the Comprehensive Drug Abuse Prevention and Control Act of 1970.

NOTICE OF HEARINGS OF THE COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES

Mr. MOSS. Mr. President, I would like to inform my colleagues of several upcoming hearings before the Committee on Aeronautical and Space Sciences.

The first set of hearings, scheduled for July 16 and 18, will focus on the new ideas for aircraft of the eighties and nineties. We want to explore the most advanced conceptual thinking of the best brains in the country in aeronautics.

The hearings, in which both Government and private witnesses will testify, will cover five general areas:

First. New aircraft designs.

Second. New engines and new fuels.

Third. Lighter-than-air vehicles.

Fourth. General aviation.

Fifth. Safety.

The next hearing, scheduled for July 23, will focus on S. 3542, a bill Senators GOLDWATER, STEVENS, and I are cosponsoring, to authorize appropriations to the National Aeronautics and Space Administration for research and development relating to the seventh applications technology satellite.

There is widespread support for a seventh applications technology satellite, and the hearings are being designed to examine all sides of the issue.

The third set of hearings, scheduled for August 6 and 8, will focus on S. 2350, a bill I introduced on August 3, 1973, to amend the National Aeronautics and Space Act of 1958 to provide for the coordinated application of technology to civilian needs in the area of earth resources survey systems, and to establish within the National Aeronautics and Space Administration an office of Earth resources survey systems, and on S. 3484, a bill introduced by Senators ABOUREZK, McGOVERN, and YOUNG on May 13, 1974, to establish, within the Department of the Interior, the Earth Resources Observation Administration.

Experimental earth resources satellites are proving beyond our fondest hopes their ability to find, monitor, and preserve our limited natural resources. The first experimental bird, ERTS-1, has excited worldwide interest in hosts of disciplines including agriculture, geology, oceanography, land-use planning, forestry, and many more.

Now is the time to give careful consideration to the best way to move into a truly operational system.

The witnesses for these hearings will be announced at a later date.

ADDITIONAL STATEMENTS

THE SLUR OF VICE PRESIDENT FORD

Mr. BEALL. Mr. President, recently I came across an article by Ray Gill, which appeared in the Easton, Md., Star-Democrat.

While short, the article was very much to the point and is—I feel—worth the time to read. I, therefore, commend it to my colleagues 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:

THE SLUR OF VICE PRESIDENT FORD

(By Ray Gill)

The elitist liberal writers are fond of saying that Vice President Gerald R. Ford is a decent sort of chap, but they always slyly inject the thought that he, uh, well he really isn't very smart.

One might ask where they have been lately. Ford has been handling issues arising from the impeachment proceedings against President Nixon with political artistry that could not be matched by any genius I know.

Since being sworn into office last December 6 under the most unpleasant circumstances—the former vice-president having resigned in disgrace and the president facing the threat of impeachment—Ford has demonstrated nothing less than considerable intelligence and extraordinary political skill.

While stoutly expressing confidence that Nixon is innocent of any wrongdoing in the Watergate and related messes, Ford has simultaneously criticized the White House for its stubborn resistance against the demands of the House Judiciary Committee.

As the man who would succeed to the Pres-

idency if Nixon is ousted or resigns, Ford is in an extremely sensitive position.

There is no doubt of his loyalty to Nixon and his efforts to somehow deter impeachment of Nixon by the House of Representatives, where Ford served 25 years.

As a product of Congress, where he established lasting relationships and earned nearly universal respect as House minority leader, Ford can move where other members of the Nixon Administration would be unwelcome because of the prevailing hostilities.

Moreover, he certainly must be acutely aware that he will need the good will of his former colleagues in the House if circumstances propel him into the Presidency.

Thus, we find Ford defending Nixon while trying to work out compromises by which the House Judiciary Committee would obtain more of the documents and tapes it has requested from the White House.

Nixon has refused to provide the Judiciary Committee with any more material, insisting that it has sufficient evidence to render a decision on impeachment, and emphasizing the constitutional point that unlimited congressional access to presidential files would destroy the independence of the Presidency.

There is considerable merit to Nixon's argument that the Presidential office could be damaged forevermore by allowing a congressional committee to rummage through whatever Presidential files it demands, but the question is how much is enough.

Nixon has slammed the door, and Ford has expressed the view that "a stonewall attitude isn't necessarily the best policy."

He knows the House, and he senses that "a stonewall attitude" by Nixon could shift enough votes to impeach Nixon when the showdown vote is taken.

While Nixon makes his stand on what he perceives to be the constitutional principles at stake, Ford's every instinct is to work for compromise and accommodation. They are the instincts of a veteran congressman.

Ford is likely to come through this whole mess with an excellent public image that could make him a first-rate Presidential contender in 1976, if he does not assume the office sooner.

He defends the presumption of Nixon's innocence which is altogether proper and even expected of the vice-president, but he also wins acclaim as a critic of the Nixon strategy and is perceived as not being attached to it.

Whatever way the fates move, Ford could emerge without any scar, nor even the slightest blemish.

One wonders why those smart liberal writers keep describing Ford as not very smart.

After watching Ford's performance in the vice-presidency for several months, I am convinced he could teach anybody a thing or two about the intelligent practice of the political arts.

PADRE OF THE AMERICAS

Mr MONTOYA. Mr. President, on April 11, 1974, Rev. Father Joseph F. Thorning, Ph. D., D.D., offered the prayer in the U.S. House of Representatives. I would like to take this opportunity to offer my respect. This was the 30th consecutive year that the servant of the people of God we know as the "Padre of the Americas" delivered the invocation in response to the invitation of the leaders of both parties.

In February 1974, I related that "the Padre" had served at various times as dean of the graduate school of Georgetown University and European correspondent of America. Currently, he is honorary chaplain of the Inter-American Defense University and board, as well as an associate editor of World Affairs. Recently, the Reverend Father Thorning was accorded the highest award the U.S. Marines are authorized to grant a civilian lover of peace. In addition, on June 14, 1974, he was accorded a "Diploma of Honorary Membership" in the Inter-American Defense College. This great honor was given "in recognition of, and in gratitude for, his outstanding support of the principles and objectives of the college."

The "Diploma of Honorary Membership" was awarded on the occasion of the graduation ceremonies of the officers of Air Force, Navy, and Army from many Western Hemisphere nations. These gentlemen had completed their course in the university with distinction.

The chairman of the Inter-American Defense Board, Adm. Oliver Hazard Perry, Jr., was present on the dais for the graduation exercise. Other leaders at the podium in the Hall of the Americas were His Excellency Ambassador Guillermo Sevilla Sacasa of Nicaragua; Secretary General Galo Plaza of the OAS; Maj. Gen. Enrique Gallardo Basslesteros of the Army of Bolivia; Brig. Gen. Pedro R. Florentine of the Army of Paraguay; and Licienciado don Antonio Ortiz Mana, president of the Inter-American Development Bank. The award, unique in the history of the inter-American world, bears the signature of George S. Beatty Jr., director of El Inter-Americano Colegio de Defensa.

Reverend Father Thorning, "El Padre de las Americas," delivered both the invocation and the benediction in the language of the genius, Cervantes. I want to take this opportunity to offer sincerest praise for this fine man. I, therefore, ask unanimous consent that this tribute to Rev. Father Joseph F. Thorning, offered by the National Conference of Christians and Jews, in the Religious News Service, on Tuesday, May 28, 1974, be printed in the RECORD.

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

DOMESTIC SERVICE: PRIEST OFFERS PRAYER IN HOUSE ON "PAN AMERICAN DAY"

WASHINGTON, D.C.—Father Joseph F. Thorning, known in Congress as "the Padre of the Americas," has offered the opening prayer in the House of Representatives on Pan American Day for the 30th consecutive year.

The 78-year-old educator, author, lecturer and priest helped, in 1944, bring about an Act of Congress establishing the official celebration of Pan American Day in the U.S. Capitol, which commemorates the political, economic and spiritual unity of the Americas based on the doctrine of juridical equality and respect for the sovereignty of each.

Each year since then, Father Thorning, who lives at St. Joseph's-on-Carrollton Manor, Md., has been invited back by the House leadership to open the legislative session with prayer.

An active supporter of the present government in Spain since the Spanish Civil war, he is said to have "inspired his friends in the Senate and House" to approve a $65 million loan to the Madrid government following World War II.

He was named by President Truman an official member of special diplomatic missions to Brazil and also to Central America. Later (in 1956), President Eisenhower appointed him to serve on another special mission, also to Brazil.

The Senate Subcommittee on Inter-American Relations asked him to accompany Secretary of State John Foster Dulles to the Tenth Inter-American Conference in Caracas, Venezuela.

Despite his age, the priest's interest in the cause of inter-American friendship throughout the Western Hemisphere continues. He participated in the World Council for Freedom Congress in Mexico City in August 1972, and earlier that year delivered a series of lectures at several major South American universities.

He has more recently coordinated cooperation between the Argentine and Mexican Embassies and Georgetown University here in producing two cultural programs at the Jesuit university, one commemorating the Argentine classic "Martin Fierro," and the other featuring a presentation by the celebrated Mexican poet Carlos Pellicer.

ELEVEN HUNDRED MORE LIVES SAVED IN MAY

Mr. PERCY. Mr. President, the National Highway Traffic Safety Administration—NHTSA—has just published its traffic fatality figures for the month of May. The highway death toll nationwide was 1,101 fewer than in May of 1973.

This continues the pattern of dramatic reductions in highway fatalities which began last November when speed limits were reduced to conserve fuel. According to NHTSA's data, highway deaths have been running almost 24 percent below last year's total during the 5 months since the national 55-miles-per-hour speed limit went into effect.

This astounding reversal in traditional trends of highway fatalities demonstrates beyond a doubt the importance of retaining the lowered speed limits. Since people have been driving slower, many are enjoying their driving much more, they get less fatigued and less tense. Consequently they are more alert and drive more safely.

S. 3556, the bill I introduced on May 30 along with my colleagues, Senators RANDOLPH, STAFFORD, and WEICKER, would extend indefinitely the present nationwide speed limit of 55 miles per hour. We have recently welcomed Senators RIBICOFF, CHILES, and GRAVEL as additional cosponsors of S. 3556.

Every month, as the tally mounts of lives saved due in large part to lowered speed limits, I am more and more convinced of the importance of enacting this bill. According to NHTSA's figures, nearly 6,000 men, women, and children now owe their lives to reduced speed limits, effective traffic enforcement, and the safer driving atmosphere that has been created since the severe fuel shortage began last November.

In announcing the figures for May, NHTSA's administrator, Dr. James B. Gregory directed the public's attention to the need for continued safe driving over the July 4th weekend. Dr. Gregory said:

In particular, we are hoping that the public will be as mindful of safety over the upcoming July 4th holiday weekend as it was over the Memorial Day holiday, when the 390

highway deaths recorded were 149 fewer than for the same three-day holiday period a year ago. That figure was the lowest traffic death count for that holiday period in more than a decade and we certainly would like to duplicate that effort.

Mr. President, I ask unanimous consent that the full text of the National Highway Traffic Safety Administration's press release be printed in the RECORD.

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

DEPARTMENT OF TRANSPORTATION NEWS

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION,

Washington, D.C., June 24, 1974.

The nation's traffic deaths declined again in May, the seventh consecutive month that highway fatalities have been below the comparable period a year ago, the U.S. Department of Transportation reported today.

Preliminary figures for May, based on 49 state reports to the Department's National Highway Traffic Safety Administration (NHTSA), show a saving of approximately 1,100 lives, or a reduction of 23 per cent below the number of persons killed in traffic accidents in May of 1973.

Dr. James B. Gregory, the NHTSA Administrator, attributed the decline in highway fatalities to a combination of factors, including lower speed limits, effective traffic enforcement, and cooperation by the motoring public.

"Contrary to our expectations—with the disappearance of gas lines and the advent of good weather—that fatalities might climb, the May data continue to show an unprecedented decrease," Dr. Gregory said. "Law enforcement agencies are apparently making a significant contribution, and the motoring public obviously continues to be more conscious of safety on the highway and fuel conservation practices."

The federal safety administrator cautioned that the summer months ahead represent a critical period since statistically, highway deaths increase with more motorists on the road.

Gregory noted that the Federal Energy Administration says gasoline supplies are available to meet the demand this summer, if the public exercises sensible conservation and restraint in its driving habits.

"Individual action and cooperation does lead to worthwhile results and could provide this nation with one of the safest summers on record," Gregory said.

"In particular, we are hoping that the public will be as mindful of safety over the upcoming July 4th holiday weekend as it was over the Memorial Day holiday, when the 390 highway deaths recorded were 149 fewer than for the same three-day holiday period a year ago. That figure was the lowest traffic death count for that holiday period in more than a decade and we certainly would like to duplicate that effort."

The preliminary figures show a reduction in traffic deaths from 4,813 in May 1973 to an estimated 3,712 in May of this year. The total reduction in traffic fatalities since last November approaches an estimated 6,000 lives compared to the same period a year ago. Highway deaths for the first five months of 1974 are running almost 24 per cent below the total for the same period a year ago.

ESTIMATED TRAFFIC FATALITIES AND CHANGES

	1974	1973	Percent change
January	2,928	3,781	−22.6
February	2,655	3,458	−23.2
March	3,191	4,343	−26.5
April	3,444	4,448	−22.6
May	3,712	4,813	−22.9

TRAFFIC FATALITY ESTIMATES BASED ON EARLY REPORTS, MAY 1974, 1973 (JUNE 20, 1974)

State	1974	1973	Percent change
Alabama	90	104	−13.5
Alaska	5	16	−68.8
Arizona	51	87	−41.4
Arkansas	58	61	−4.9
California	323	444	−27.3
Colorado	54	73	−26.0
Connecticut	24	58	−58.6
Delaware	15	15	0
Florida	181	241	−24.9
Georgia	128	177	−27.7
Hawaii	10	11	−9.1
Idaho	28	35	−20.0
Illinois	163	215	−24.2
Indiana [1]	77	137	−43.8
Iowa	47	80	−41.3
Kansas	29	66	−56.1
Kentucky	60	115	−47.8
Louisiana	51	123	−58.5
Maine	12	16	−25.0
Maryland	65	81	−19.8
Massachusetts	72	97	−25.8
Michigan	140	178	−21.3
Minnesota	58	91	−35.6
Mississippi	58	78	−25.6
Missouri	107	110	−2.7
Montana	21	24	−12.5
Nebraska	33	30	+10.0
Nevada	20	20	0
New Hampshire	22	9	+144.4
New Jersey	94	123	−23.6
New Mexico	50	51	−2.0
New York	274	266	+3.0
North Carolina	105	161	−34.8
North Dakota	8	14	−42.9
Ohio	157	194	−19.1
Oklahoma	66	60	+10.0
Oregon	63	53	+18.9
Pennsylvania	171	201	−14.9
Rhode Island	10	11	−9.1
South Carolina	85	78	+9.0
South Dakota	8	20	−60.0
Tennessee	77	105	−26.7
Texas	245	296	−17.2
Utah	32	35	−8.6
Vermont	16	6	+166.7
Virginia	69	116	−40.5
Washington	50	78	−35.9
West Virginia	29	54	−46.3
Wisconsin	87	88	−1.1
Wyoming	13	12	+8.3
Total	3,712	4,813	−22.9

[1] State report not received.

AMENDMENT TO REPEAL "NO-KNOCK" PROVISIONS TO AUTHORIZATION FOR DRUG ENFORCEMENT ADMINISTRATION

Mr. KENNEDY. Mr. President, as a cosponsor of the amendment to S. 3355 introduced by the distinguished Senators from North Carolina and Wisconsin, I urge the Senate to adopt the amendment for two reasons. First, the "no-knock" provisions of the Comprehensive Drug Prevention and Control Act of 1970 and of the District of Columbia Court Reform and Criminal Procedure Act of 1970 inherently infringe upon the protections guaranteed by the fourth amendment to the Constitution. Second, these provisions have not proved necessary to effective law enforcement and in fact have been little used in the past year.

I opposed the "no-knock" provisions of both bills when they were pending before the Senate. In May 1970, I joined the Senator from North Carolina in a letter which said:

"No-knock" challenges the very significance of the Fourth Amendment. The constitutional authority safeguarding the sanctity of the home from unlawful government intrusion ensures to the individual a "privileged sanctuary"—a place where he can enjoy what William Faulkner has called that "last vestige of privacy without which man cannot be an individual."

This "no-knock" authority goes far beyond the limited exceptions to the common-law and constitutional rule that officers must announce their presence and purpose before entering.

The fourth amendment contemplates that a warrant will be issued by an impartial magistrate upon a showing of probable cause of a crime. The officer charged with the responsibility of carrying out the warrant has the obligation to properly identify himself and give notice to the inhabitant of the premises to be searched.

The experience of the past 4 years demonstrates that many of the dangers foreseen in 1970 have come to pass. The myriad instances of terrified citizens thinking they were being subjected to burglary or more frightening acts, only to find they were being "searched" by law enforcement officers who entered without notice, have been well documented by the distinguished Senators from North Carolina and Wisconsin.

There may be circumstances, such as those detailed in Justice Brennan's opinion in *Ker* v. *California*, 374 U.S. 23 (1963), in which entry without notice may be constitutionally permissible. These may include situations in which the officer is justified in the belief that persons within are in imminent danger of bodily harm or are attempting to escape or destroy evidence after being made aware that there is someone outside. But it is my view that these circumstances, which will only be present in a tiny fraction of cases, can only be apparent to the officer executing the warrant immediately before entry, on the doorstep of the house. They cannot be known to a judge at the time the warrant is issued.

The "no-knock" provisions which would be repealed by the amendment before us severely impinge upon the fourth amendment right to be free from unreasonable searches and seizures and on the constitutionally protected right to privacy. On constitutional grounds, the amendment deserves support.

In addition, recent experience has demonstrated that "no-knock" searches have not proven of significant value to law enforcement. Since July 1st of last year, Federal authorities have sought to use the "no-knock" provisions only three times, and have actually executed a "no-knock" warrant only once. Chief Jerry V. Wilson of the Metropolitan Police Department stated only 2 weeks ago that repeal of the provisions "won't affect us one way or another" and that he would not object to a repeal. District of Columbia police have not used "no-knock" warrants since October 1971, a span of over 2½ years.

There could be no clearer indication that the "no-knock" provisions, which were intended for the benefit of Federal and District of Columbia law enforcement, have not been of significant value for that purpose and in fact have been little used during the past year.

The amendment before us will merely restore Federal narcotics officers and District of Columbia police officers to the

status of the law with regard to search warrants as it existed before the passage of the "no-knock" provisions in 1970. In no way will their effectiveness to fight crime be diminished.

In the era of Watergate, Americans need reassurance that the Congress is doing all it can to safeguard their individual right to privacy and to freedom from unreasonable searches and seizures. Passage of the amendment before us will constitute a small but significant step toward providing that assurance.

PRIVACY AND THE PUBLIC SECTOR

Mr. PERCY. Mr. President, I am impressed by the enormous public response to hearings on the right to privacy held last week by the Committee on Government Operations and the Constitutional Rights Subcommittee of the Judiciary Committee. There can be no doubt that the American public is deeply concerned with the growing encroachment on individual privacy by Government and private organizations maintaining dossiers of highly sensitive personal information. I am certain that many of my colleagues in the Senate are receiving a large response from constituents, as I am, on the issue of personal privacy. The sentiment is clear: the time for legislative action by this Congress to safeguard the right of privacy has arrived. Newspapers across the country are unanimous in their call for prompt action by Congress to insure that the gathering, use, and distribution of information about individuals is adequately regulated.

I wish to call attention to an essay in the New York Times of Saturday, June 15, written by Mr. Frank T. Cary. According to Mr. Cary, chairman of the Board of IBM, there is a real need for reformulating both our ways of handling personal data and our thinking about what is and what is not the proper concern of "outsiders." Mr. Cary makes a vital distinction which should be recognized by all of us. He points out that safeguarding the security of data stored in a computer is a technological problem; but decisions concerning what information may be collected by whom, and to whom this information may be made available, involve social and legal issues and, therefore, must reflect the ways in which we personally value our right of privacy. Mr. President, I ask unanimous consent that the article referred to be printed in the RECORD.

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

ON SAFEGUARDING THE RIGHT OF PRIVACY

(By Frank T. Cary)

ARMONK, N.Y.—Writing in The Harvard Law Review of 1890, Louis D. Brandeis warned of "mechanical devices" that would threaten the solitude and privacy of the individual.

Because of a cluster of new inventions, he noted, a "next step" was needed to protect a person's "right to be let alone." That warning went largely unheeded and the mechanical devices he wrote about so apprehensively—the snapshot camera and the telephone—quickly passed into familiar use and easy abuse.

Eighty-four years after Mr. Brandeis's admonition we are still waiting for that next step. Infringement of privacy, a lively issue long before the computer, still concerns those who would protect the individual from the misuses of technology.

The basic conflict between personal liberty and public rights continues to defy a simple resolution. We still seek that delicate balance between a person's right to guard those confidences that make up his private life and society's desire for freedom of information.

In the past you had to be famous or infamous to have a dossier. Today there can be a dossier on anyone. Information systems, with a seemingly limitless capacity for storing and sorting information, have made it practical to record and transfer a wealth of data on just about anyone. The result is that we now retain too much information. The ambiguous and unverified are retained along with legitimate data.

Clearly, there is a real need for reform, not only in our ways of handling personal data but in our thinking about what is and what isn't the proper concern of outsiders. Safeguarding data stored in the computer is a procedural and technological problem. But determining what information may be collected, by whom and to whom this information may be made available is a social and legal one.

There have been many proposals suggesting guidelines about who may have access to what in the computer. Last year, for example, there were some seventy bills dealing with protection of individual privacy pending in state legislatures. Whatever legislation is considered, we can minimize the need to revise or refine it by agreeing on a few general provisions for automated and manual files.

First, individuals should have access to information about themselves in record-keeping systems. And there should be some procedure to find out how this information is being used.

Second, there should be some way for an individual to correct or amend an inaccurate record.

Third, an individual should be able to prevent information from being improperly disclosed or used for other than authorized purposes without his consent, unless required by law.

Last, the custodian of data files containing sensitive information should take reasonable precautions to be sure that the data are reliable and are not misused.

Of course, one way of preventing misuse of personal information is to discourage its collection in the first place.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, one of the most common complaints leveled against lawmakers and other politicians is that they do not pay enough attention to the human side of political issues and that, instead, they get caught up in a seemingly all-inclusive net of technicalities, facts, and figures which shroud the actual issues at stake. Such a complaint seems justified in the case of the Genocide Convention.

There is no question but that Senate ratification of the Genocide Convention would be a step toward peace. It would outlaw genocide and establish procedures for the trial and punishment of genocidal acts. Ratification of the treaty will deter the crime and therefore promote peace, yet the Senate has failed to act.

This failure, Mr. President, stems in large part from the Senate's failure to perceive the convention as a moral statement, a statement of basic human concerns. I think it would be worthwhile to recall the preamble to the convention:

The Contracting Parties;

Having considered the declaration made by the General Assembly of the United Nations in its resolution 96(I) dated 11 December 1946 that genocide is a crime under international law, contrary to the spirit, and aims of the United Nations and condemned by the civilized world;

Recognizing that at all periods of history genocide has inflicted great losses on humanity; and

Being convinced that, in order to liberate mankind from such an odious scourge, international co-operation is required, Hereby agree as hereinafter provided.

Mr. President, we should examine the convention in light of this preamble and the U.N. resolution. Consideration of the treaty in this way would concentrate our attention on the human side of the political issue and would lead to prompt ratification by the Senate.

FINANCIAL ASPECTS OF THE ENERGY SITUATION

Mr. CURTIS. Mr. President, on June 6, 1974, Mr. David Rockefeller of the Chase Manhattan Corp., gave an address at Williamsburg, Va., on the "Financial Aspects of the Energy Situation." His comments are very timely and merit the attention of the Congress. I therefore ask unanimous consent that his remarks be printed in the RECORD.

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

FINANCIAL ASPECTS OF THE ENERGY SITUATION

(By David Rockefeller)

When this conference met a year ago, both international monetary reform and the long-range energy problem were discussed. At that time, however, little connection was made between the two.

Certainly none of us foresaw the huge rise in the price of oil which was to come in the final months of the year, or the disruptive impact it was to have on world financial relations. In retrospect, the relevance of Secretary Shultz's speech last year is clearer to most of us now than it was then.

These developments once again illustrate how our best laid plans can often be disrupted by unforeseen external developments—what economists are fond of calling "exogenous variables" and others often call "good excuses!"

Well, what was exogenous yesterday is very much a fact of life today, and it is the subject our panel will discuss with you this afternoon.

For my part, I'll begin by laying out the broad dimensions of the problem, pointing to some of its implications for international financial and political relations, and suggesting what seem to be some promising approaches to solutions. My distinguished associates on the panel will then give us their various perspectives on the situation.

In the final quarter of last year the Organization of Petroleum Exporting Countries (OPEC) increased the price of oil fourfold—a substantially more rapid increase in price than that of other critical commodities. Given these prices and present levels of production, this means they will receive more than $100 billion yearly for their oil exports. Of this $100 billion, the oil-producing nations will spend some $40 billion for goods and services—leaving $60 billion or so as a

surplus to be reinvested. This $60 billion surplus, incidentally, compares with a $4 billion surplus by the same countries in 1973.

Taking into consideration existing reserves, and interest and dividends on these massive funds, total reserves of the oil-producing nations are likely to exceed $70 billion by the end of 1974, $140 billion by 1975 and $200 billion by the end of 1976. These are staggering amounts—and only over a three-year period.

The principal holders of these reserves will be in the Gulf Area, with Saudi Arabia, Iran and Kuwait accounting for about one half. Other important reserve holders will be Iraq, Libya and Venezuela. And, of course, Nigeria and Indonesia will also benefit.

These huge surpluses of necessity must be offset by corresponding deficits on the part of oil consumers. The balance of payments deficit of the developed countries is projected to increase by $40 billion. The key deficit nations, after adjusting for other balance of payments considerations, will be Italy, the United Kingdom, France, Japan and the Scandinavian countries. My own country will swing from a surplus in its current account, which it had struggled hard to attain, to a deficit once again this year.

The developing nations, for their part, will face a severe increase in their combined deficit of close to $20 billion a year. Countries such as India, Bangladesh and Sri Lanka will have particularly hard times.

All of this suggests a structural disequilibrium of major proportions in the balance of payments of countries around the world—one that could have serious implications for the world economy and international financial mechanisms. Somehow, in some manner, the huge surpluses of the oil producers must be recycled back to the deficit oil consumers. As it is, higher prices are having damaging inflationary impacts on the domestic economies of oil consumers. On the other hand, if recycling does not occur, the oil consumers will be forced eventually to deflate their economies with severe consequences of another sort for the Free World.

In considering this recycling problem it is helpful to distinguish between the short run—say the next year to eighteen months—and the longer period. One must also distinguish between three groups of oil consumers: first, the industrial nations; second, developing nations which are in a fairly strong financial position; and third, those developing nations which are in a decidedly weak position.

We already have gained some experience in the short run. The first sizable payments were made by the oil companies to the producer nations in March, April and May, and thus far they have been recycled back successfully—principally through the international banking system.

The oil-producing nations, for example, have been placing their money mainly in the Eurodollar market or in sterling. The banks have been the major recycling vehicles, taking this money on deposit, usually at call or on very short maturity, and relending it to oil-consuming nations for periods of five to seven years—a process which obviously creates a very unbalanced and precarious maturity structure.

So far this year, $12 billion or more has been committed to industrial nations to help cover their 1974 balance of payments deficits. To a considerable extent, the borrowing is being carried out by governments or governmental entities, such as the British railways.

While this process can be successful for a limited period of time, there are at least four very serious shortcomings to it, especially in view of the astronomical amounts that loom ahead.

First, the banks cannot continue indefinitely to take very short-term money and lend it out for long periods of time. We hope that this problem will be alleviated to some extent by countries in the Middle East agreeing to place funds at longer maturity as they become more familiar with the recycling process.

Second, and even more serious than the question of maturities, is the likelihood that banks eventually will reach the limits of prudent credit exposure, especially with regard to countries where it is not clear how present balance of payments problems can be solved.

Third, the oil-producing countries cannot be expected to build up their bank deposits indefinitely. They, too, will soon reach prudent limits for individual banks or even for individual nations.

My own view is that the process of recycling through the banking system may already be close to the end for some countries, and in general it is doubtful this technique can bridge the gap for more than a year, or at most 18 months. Perhaps Mr. Guth will comment on this later.

Finally, this form of recycling is not even a temporary solution for lesser-developed countries in a weak financial position—countries like India, Bangladesh and Sri Lanka which are not in a position to borrow at all in commercial markets. The World Bank estimates that an additional $2 billion will be needed in 1974 by financially weak lesser-developed countries for balance of payments purposes. This may not seem a huge sum in an absolute sense, but even this relatively small amount places tragic strains on the countries involved—strains that can only be alleviated by new international governmental approaches and a firm sense of global commitment and cooperation. And these are strains that will accelerate dramatically in 1975 and beyond as already limited reserves are exhausted.

Compounding these very pressing shorter-range problems are a host of far thornier questions and obstacles down the road. Structural adjustments, of course, will gradually get underway between the economies of the oil producers and the consuming nations. Prices may be reduced somewhat, and the oil producers will step up their imports and increase the speed of their own internal development. Countries like Iran, Venezuela, Nigeria and Indonesia have a longer-run capacity to use most of their oil surplus for internal purposes. But these processes will take considerable time. In the interim, these countries will be large accumulators of reserves.

Moreover, countries such as Saudi Arabia, Kuwait and the United Arab Emirates clearly lack internal absorptive capacities in any way commensurate with the incomes they will receive. On the contrary, one of their major aims is eventually to accumulate a body of invested wealth outside their countries which will yield an income great enough to replace their oil revenue as it runs out. Naturally they are concerned about such matters as world inflation, exchange risks, and the possibility of expropriation of their assets.

We are fortunate in having Dr. Awad on our panel, and I am sure he will be able to tell us more about the uses to which the oil-producing countries in the Middle East expect to put their surplus funds for both internal and external purposes.

Looking at the situation realistically, I believe it is clear that both the private sector and governments must play a much more significant role in the long-term investment process.

Financial and industrial concerns from Europe, Japan and the United States already are proving of some assistance in speeding up internal development in the Middle East. My own bank, for example, is establishing a merchant bank in Saudi Arabia and a commercial bank in Iran (both jointly owned with local participants) as well as branches in Egypt, the United Arab Emirates and elsewhere. We plan to serve as one of the bridges between the Mid-East and the industrial world—both for internal development and for external investment. Yet ours can only be a small supporting role in a drama of massive proportions.

Though not yet large, long-term investments by Middle Eastern countries in the industrial nations are beginning to build up a modest scale in real estate, selected securities and some direct investments in industry. Hopefully, in the future they may be persuaded to participate more widely in such investments, as well as to assist in the financing of major international undertakings like the James Bay power project in Canada. Yet the sums requiring investments are so enormous, and the institutional facilities necessary to carry them out so limited, that I question whether such investments will have much impact on the gap for some time to come.

All of this clearly suggests that both the World Bank and the International Monetary Fund will increasingly be called upon to play key roles in the recycling process. The World Bank will need to concentrate on those lesser-developed countries that are in most serious need, while the Monetary Fund will probably have to deal with both developed and developing countries.

Ideally, funds for this purpose should come from the surpluses generated by the oil producers. Iran, for instance, has already offered to lend funds to the World Bank and IMF, and also to make some direct loans to India and others at concessionary rates to finance oil imports. Similarly, the recently announced willingness of the oil producers to establish a $2.75 billion "oil facility" to help countries with balance of payments problems is a positive move at least in the shorter term.

I fear, however, that this can only be seen as a modest first step when one considers the magnitude of the funds that must be redistributed. Solutions in many cases will demand more concessionary terms than those currently envisioned by the oil-producing nations. Moreover, both the World Bank and the IMF may have to adopt more flexible concepts of risk.

We must apply even more in terms of resources and imagination at all levels if we are to arrive at constructive long-range solutions. Critical additional steps are necessary on both the philosophical and administrative fronts to handle the massive needs involved. New techniques, strategies and mechanisms will have to be devised—and devised quickly. Most importantly, a premium will have to be placed on international cooperation.

For some time, for example, the Committee of 20 in the IMF has been considering a new central reserve asset—a revised SDR, which would represent a basket of currencies, and hence neutralize the exchange risk between major currencies. Perhaps this asset could play a role in future investment plans of the oil-producing nations, and, indeed, it is assumed that it will be part of the new IMF "oil facility."

It may additionally be possible to work out international guarantee arrangements with regard to expropriation. In this respect, we should remember that the oil producers have one important alternative to accumulating reserves and making investments abroad—they could leave the oil in the ground. From the point of view of the consuming nations, this would create serious shortages, at least for some years to come.

It is also highly desirable that ways be found to channel surplus oil revenues into projects designed to create alternate sources of energy. This would not only help the world at large, but would also provide a source of continuing revenues for the oil-producing nations after their reserves have been exhausted. But it will have to be done in collaboration with the industrialized nations

which have the necessary technology, and it is to be hoped that serious discussions along these lines will not be delayed.

Finally, it is imperative that the developed countries of the world join with the oil producers to assist the less-developed nations. Unless there is a far more concerted effort by all, including my own country, in this direction, I fear that the only result will be economic and political chaos. In this connection, it is imperative that Congress act favorably on the replenishment of the International Development Association as quickly as possible. It has perhaps never been so clear that the true self-interest of any nation depends ultimately on the welfare of others.

Underlying all of these requirements, however, is the fact that we must come up with a means of recycling funds on a far more massive scale than now possible. Some argue that we should simply wait for the forces of supply and demand to bring prices down and thereby create a new structural equilibrium. Others feel that inflation in the oil-consuming nations will help alleviate the problems.

While there is some validity to both of these positions, I believe we must also be aware of their limitations. First of all, inflation has little hope of answering the problem since the purchases of even the largest oil producers are so relatively small. Second, I fear that relying solely on supply and demand can have disastrous results for many of the developed nations—leading to disruptive domestic unemployment and depression in these countries, and to a general sense of distrust in the world community. One cannot ask nations to call continually on their reserves when they can see no clear light in the future. This is like draining one's swimming pool in the midst of a drought. Moreover, if the position of the developed nations is eroded further, the developing nations can have little hope at all.

On the other hand, of course, some painful structural changes will be required, and it would be imprudent to ignore them. The challenge, it seems to me, is to achieve a delicate balance between necessary concessions to countries with problems and an orderly realization over time of the inevitable impact that the laws of supply and demand will have on shifting world resources.

Creating a mechanism to handle recycling of this scale and to determine acceptable concessions and risks is, of course, exceedingly difficult. Perhaps the mission of the IMF could be expanded in this direction, or perhaps it would be best to create a separate vehicle so as to avoid burdening the IMF with the dual responsibilities of policing monetary affairs and curbing unemployment.

Whatever the means, I believe it is imperative we develop swiftly a new way of looking at world financial needs—a perspective that emphasizes global stability as well as individual national credit worthiness. If we are to progress significantly, we must have a vehicle that allows us time both to act, realistically to correct structural disequilibriums and to avoid disharmony. And this vehicle must result from a conscious decision of both the oil-consuming and oil-producing nations. I would hope this question would be high on the agenda of the Committee of 20 when it meets later this month.

Needless to say, all of this may seem somewhat academic if either the price of oil or the demand for oil should suddenly decline. The outlook here is highly uncertain, though hardly cause for unbounded optimism. I'm sure Mr. Morris will be able to enlighten us on these issues.

Let me just say that there are some signs that the present high price is restricting demand for petroleum products in the consuming nations at least to a limited extent. Our bank estimates that world petroleum consumption this quarter will run slightly behind a year ago, whereas an increase normally would have been expected. Also, we believe that production has been expanded so that it is now running somewhat ahead of consumption. If this is the case, pressure could very well build up on prices, and it will be interesting to see how the OPEC countries react to the problems.

While oil prices may eventually come down somewhat, my own judgment is that plans and policies throughout the world should not be based on the assumption that the decline will be large enough to solve the recycling problem. Modest price reductions may give us more time, but they will not materially alter the basic situation. Indeed, I would guess that we would need a price reduction of some 40%-to-50% to produce anything close to a new structural equilibrium. Thus we have no choice but to face up to the recycling challenge and, in cooperation with the oil producers, to devise the institutional arrangements necessary to cope with it.

The successful creation of such mechanisms will be highly dependent on the political climate. Here, one conclusion is certain: the Middle East countries, by reason of a shift of wealth and resources, are entering a new period—a period during which their political influence, as well as their economic weight, will loom larger on the world scene.

The strenuous efforts in which Henry Kissinger has been engaged provide testimony to that fact, as has the parade of cabinet members from other countries to the Middle East in recent months. At the same time, the new wealth in the Middle East is likely to strengthen the hands of moderate governments in that area and orient them more firmly toward the West.

If sustained, this trend toward moderation may well be a highly desirable and significant political dividend. It will also be essential in assuring the stability that must underlie an orderly approach to the redistribution of international capital.

The situation is still beset with uncertainties, both political and economic, and we are running out of time on many fronts. Given a clear realization of the interdependence of all the nations involved, however, I believe we can find ways to transform the problem of surplus capital in the hands of some nations into many positive opportunities for progress and development worldwide. But this will not happen by itself. It will demand the involvement and dedication of both the public and private sectors on a scale far exceeding that which exists now.

Above all, it must involve a degree of global teamwork which we have not seen up to this point. If the nations of the world approach the energy situation sincerely and resolutely, there is reason to hope that it can be used as a catalyst and a rallying point for a new era of international cooperation.

It is a sad fact that challenge is too often the most effective father of unity. In the past, the fear of communism has served to lend common purpose to the nations of the Free World, and the threat of nuclear holocaust has awakened all nations to the necessity of meaningful joint solutions. Now, as these threats diminish in the minds of many, some may well be tempted to place immediate, more selfish concerns ahead of global imperatives. It would be tragic if the energy situation becomes a force for further devisiveness. Let us hope rather that it is a new spark to rekindle a mutual striving among nations that recognize the world's inevitable interdependence.

SARNOFF ADDRESS TO THE ARMED FORCES COMMUNICATIONS AND ELECTRONICS ASSOCIATION

Mr. MOSS. Mr. President, Mr. Robert W. Sarnoff, chairman of the RCA Corp., recently gave a wideranging address to the Armed Forces Communications and Electronics Association about the advancement of communications and electronics over the 28-year career span of the Association, and about the need for a rational, long-term plan based upon a clear conception of national needs and objectives, an appreciation of the technological resources we command, and an awareness of the problems to be resolved.

Mr. Sarnoff, also chief executive officer of RCA, has been associated with communications for over 35 years.

Without going into this any further, Mr. President, I ask unanimous consent that the address by Mr. Sarnoff be printed in the RECORD.

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

ADDRESS BY ROBERT W. SARNOFF

I am grateful for the honor you have conferred upon me, and for the invitation to address you today. This occasion is something of a homecoming for a Sarnoff. My father particularly valued his close ties with this body of professionals in the most critical and demanding of modern technologies. I can assure you that the feeling carries on undiminished into the second generation.

The 28-year career of your Association is short in time but long in achievement. It spans the most intensely productive sequence of advances yet recorded in communications and electronics. It has witnessed the birth of the transistor and the dawn of solid state electronics. It has seen the coming of age of electronic data processing, the conquest of space, and the establishment of global wideband communications by satellite.

These 28 years have brought a total transformation in the basic building blocks of electronics, and radical innovation in the design and function of systems for communicating and processing information.

Today we create highly complex circuits comprising thousands of active elements on chips measured in millimeters. We mass produce them at extremely low cost per function and so precisely that they are almost infinitely reliable. We interconnect and couple them in any combination with sensing, control, and memory devices. We fashion them into self-contained units small enough to embed in the human body, tough enough to pack into the nose of a projectile, reliable enough to seal within a powerful satellite relay station thousands of miles above earth.

These changes constitute a scientific and engineering revolution of the first magnitude. They have created a whole new technology universal in its application to information handling and process control.

The traditional distinction between government and commercial electronics is being erased. Increasingly, the new devices and systems combine the performance standards for defense and space application with the cost efficiency demanded for more general use. The range of electronic equipment available off the shelf from commercial suppliers for specialized defense and space applications is steadily enlarging.

Another result is deeper penetration of electronics into commercial markets where extreme reliability is vital—in critical areas of medicine, automotive safety systems, controls for continuous industrial processes.

But nowhere has the impact of recent change been more far-reaching than in communications.

Domestically, first wideband coast-to-coast link was completed in 1951. It has sent forth a vast grid of facilities reaching into every state. Technical innovations since the early 1960s have multiplied its capacity. Now do-

mestic satellites are adding a new dimension. One service is in operation, and three new systems will soon be able to supply point-to-point voice and data circuits as well as nationwide TV network distribution.

Internationally, this nation was linked to the world in 1959 by 1,000 high frequency radio and cable channels that provided only basic telegraph and limited and costly voice services. Today, it is served by 32,000 wide-band voice-grade channels that carry public and leased-line services in voice and image, high-speed data, and television, through satellites and transistorized cables. Additional transoceanic cables and more powerful satellites will soon be available.

Inevitably, the swiftness and magnitude of these changes have produced growing pains. New developments have sprung from so many sources in such rapid succession that we have been fully occupied simply putting them to work. On reflection, it is evident that the new technology raises some basic questions that we cannot yet answer.

Do we know, for example, what kind and quantity of new communications facilities will best serve the nation's public and private needs over specified periods in the future?

Volumes of data have been compiled—but no one has brought them into clear focus as a basis for realistic planning and allocation of resources. Meanwhile, change accelerates.

Numerous public and private ventures are in prospect to apply the latest technology to new satellites for communications, weather surveillance, resource studies, navigation, national security, and even direct broadcasting.

A maritime satellite system will soon provide both the Navy and the shipping industry with swift and reliable voice and data communications with vessels anywhere in the world. A satellite system will be orbited in the near future for commercial air traffic control on ocean routes.

The spacecraft that RCA is building for its domestic communications satellite system will provide twice the capacity of any now in orbit. It will offer 150 times the capability and more than five times the designed life of the pioneering Early Bird of 1965—and at a small fraction of the cost per circuit year.

Innovations will continue to increase the speed and lower the cost of transmitting and processing information. Only a decade ago, data communications were limited to speeds of a few thousand bits per second. Now the rate is measured in many millions of bits per second, and systems are in prospect that may achieve a billion-bit rate—equivalent to an Encyclopedia Britannica every second.

Experience indicates that communications has its own Parkinson's Law—that new capacity tends to generate new demand. Under these conditions, we cannot continue to rely on yesterday's projections. We must establish yardsticks based on today's technical outlook. Then we must devise means for continuous updating to secure a valid current base for planning future developments.

Unless we establish a relationship among all our satellite activities—and those of other countries as well—we risk growing confusion and needless duplication. Consider, for example, the use of satellites in geostationary orbit.

Space may seem unlimited, but desirable locations are not. Until methods are perfected to avoid drifting, geostationary satellites must be spaced about 100 miles apart to avoid colliding. But communications satellites operating in the same frequency range, as they do now, must be kept from 1,200 to 2,000 miles apart to prevent mutual interference. This provides room for only eight to thirteen in the orbital segment covering North America and Hawaii.

New technology promises to open higher frequency ranges in the near future. It may then be possible to reduce the distance between such satellites by as much as half. The resulting population of perhaps twenty or more satellites might seem to be more than enough for any of our communications needs. But is anyone today prepared to say with certainty that our future demands will not exceed even this capacity?

To ensure that we can meet tomorrow's needs, we should encourage and prepare for greater sharing of satellite facilities. The time is fast approaching when dedicated systems will be both unjustifiable and wasteful, except for a few highly specialized defense requirements.

It is long-standing government policy to rely on private enterprise to supply government needs. And secure techniques exist for handling classified traffic through satellites shared by several users. A commercial satellite facilities continue to expand, we should expect a trend away from further dedicated systems and the greater use of dedicated channels for government traffic in satellites shared by commercial users.

We are already taking modest steps toward the greater use of common facilities. The Navy's NAVSAT system is used by commercial vessels, and similar sharing is in prospect for the maritime satellite. NASA is proposing a commercially owned tracking and data relay system that could be shared by other government agencies, including the military. The separate and different weather satellite systems operated by the National Oceanic and Atmospheric Administration and the Department of Defense will soon share a common design and launch vehicle, and provide mutual backup capabilities.

With the advance of basic electronics, smaller and more sophisticated subsystems will add many more capabilities and functions to individual spacecraft without increasing their size, weight, or power requirements. We can envision an operational satellite no larger than INTELSAT IV, combining greater communications capacity with the weather capabilities of the ITOS series, the navigational functions of NAVSAT, and the scientific potential of an orbital observatory.

Except for experimental projects, there is reluctance today to commit so many eggs to a single orbiting basket because of the inordinate cost of a failure. But in another decade, the space shuttle may enable us to service and supply satellites in orbit. Then it could become practical to build many different operational functions into a single manned space workshops and laboratories for a wide range of service applications and scientific experiments. We will be able to design genuinely shared systems, not only among users, but among functions that now require many separate vehicles and costly launchings.

A change of this order will represent a quantum leap forward in space technology. It will open a broad range of opportunities that can be properly exploited only if we have in advance a clear idea of what we wish to achieve.

All of these unfolding possibilities raise another key question. How should we allocate our scientific and engineering resources to meet future communications needs?

In general, communications research and development have adequate support today because of heavy investments in new technology by the major companies, NASA, and the Department of Defense. As a result, there has been swift and steady progress in transmission and switching techniques, and particularly in satellite development.

But there is an imbalance at the far end of the line, where local distribution systems carry information to its final destination. Here is where the next major breakthrough is required.

Covering the last few miles new accounts for a disproportionate part of the total cost of long-distance telecommunications service. In too many areas, we must still rely on yesterday's local network of overhead wires and manual or mechanical systems to finally deliver information sent instantly thousands of miles through powerful geostationary satellites and computerized switching centers.

Fortunately, new technologies are germinating in commercial and military laboratories. Optical systems promise to handle immense amounts of information at visible frequencies with light-emitting diodes and fiber optics. The development of low-loss fibers now opens the way to possible application of these techniques in extremely wide-band long-hand lines.

Millimeter-wave systems may transmit nearly as much information even more economically over short distances at frequencies just below the visible range. They are less subject to atmospheric interference than optical systems, and may lend themselves to local distribution from switching centers directly to receivers in metropolitan and suburban areas.

Low-cost earth stations may eventually solve the problem with small rooftop satellite antennas that entirely circumvent local distribution systems. This technology may, in fact, come first with the move to higher frequencies in the next generation of communications satellites.

Because all these approaches have obvious tactical application, they have probably been carried farthest in military form. But they are equally applicable to business and private use. Therefore, every effort should be made to encourage a full exchange of information among the government and industry teams that deal with them. They should also receive top priority in the assignment of resources for communications research and development.

From this chronicle of swift and far-reaching change, it should be evident that we cannot expect to get the most out of new communications and electronics technology without a far more organized approach than we have demonstrated so far. What we need, and do not have, is a rational long-term plan based upon a clear conception of national needs and objectives, an appreciation of the technological resources we command, and an awareness of the problems to be resolved.

Today, we seem to prefer improvising our way forward while gambling on new technology. This has worked before, and it may work again. But it is wasteful and expensive, and I question seriously whether we can afford the cost in the long run.

Other developments threaten to escalate costs still further. Shortages have appeared in such critical materials as copper, aluminum, and steel. The burgeoning commercial market for advanced electronics has caused a run on basic components from microcircuits to capacitors and led to a scarcity of many key items. Mounting inflation continues to multiply the costs of all materials and services.

Declining enrollments in engineering schools are diminishing the flow of competent new technological talent. In all categories of engineering, the output of graduates is lagging nearly 20,000 behind average annual demand. There is a specific shortage of new professional level telecommunications engineers who can assume broad responsibilities in such areas as systems planning and management.

All of these trends add immensely to the cost and complication of maintaining an adequate and balanced research and development effort, particularly without any coherent plan or policy. How can we apportion the available time, funds, and skills without awareness of long-term communications needs? How can we allocate these resources without setting priorities for developing new electronic systems and services? Or without any means of coordinating the many diverse programs that are contributing to further technological change?

What I have described is one aspect of a

broader problem. Our approach to communications and electronics is characteristic of the way our nation uses all of its scientific resources and technological skills.

Even now—three decades after the first nuclear chain reaction, 26 years after the dawn of the solid state revolution, 16 years into the Space Age—the United States is without a coherent long-range policy and program in science and technology. We continue to treat these precious assets as if there were no tomorrow, expending them more in response to crises than in fulfillment of considered goals. The most vivid example is the massive new energy research and development program which has been hurriedly improvised and set in motion without any clear line of authority and without carefully defined objectives.

It is for this reason that I recently proposed the establishment by Congress of a new independent agency, a Science and Technology Board, to coordinate the diverse research and development activities of the government and to maintain ties with the general scientific and engineering community. Such an agency would be the focal point for planning as well as coordination. It would provide for the first time a means for setting and imposing priorities in science and technology.

Within its broad policy context, the agency would of course concern itself with the disarray that now obscures the future of our communications and electronics technology. It would bring order to the vigorous but chaotic progress in this field by establishing a rational framework for the wise diversity of research and development in government and industry. It would provide a solid base for this country's dealings with other nations on problems of global communications technology. All users of communications—military, commercial, and private—would benefit from the more orderly flow of development and application that would result.

In the rush of progress, it is too easy to lose sight of larger objectives. I believe that we needlessly penalize ourselves today by failing to look beyond the problems and accomplishments of the moment.

Our technology is a triumph of vision and design. If all of us in the profession will now apply these same qualities to its application for the long-term benefit of the nation, the rewards can be immeasurable .

THE TRADE SCHOOL INDUSTRY

Mr. PERCY. Mr. President, I recently introduced a bill, S. 3572, to help prevent the growing number of defaults in the guaranteed student loan program, which currently amount to more than $80 million annually. In the course of my preparation of that legislation, I learned that perhaps as much as 75 percent of those defaults are by students who attended and for one reason or another dropped out of vocational and technical profit-oriented schools and courses.

Eric Wentworth of the Washington Post has just completed a study of the trade school industry, its excesses and abuses, its unfortunate victims, and the resulting drain on the Federal Treasury. In a four-part series, Mr. Wentworth has reported certain distressing aspects of his investigation.

The training programs offered by Bell and Howell and a number of other prominent companies are mentioned. My colleagues are well aware of my past association with Bell and Howell, though I cannot speak from personal experience about their technical schools business as it is an activity entered into after I had left the company. But, because of my past association I was pleased that Mr. Wentworth did not condemn the company's extensive investment in the technical trade school industry.

I do believe, that as Mr. Wentworth's study indicates, it is high time for the training-for-profit industry to come under some type of effective regulation. Trade schools and courses can be a tremendous benefit to millions of young people seeking occupational training, and the reputations of the many legitimate programs must be protected while the unscrupulous ones are closed down. Alphonzo Bell and Jerry Pettis have introduced legislation in this area and we should consider companion legislation in our body. With millions of Federal dollars and the hopes and expectations of millions of young Americans at stake, Congress must surely make every effort to seek solutions to this increasingly critical situation.

I ask unanimous consent that Eric Wentworth's articles be printed in the RECORD.

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

[From the Washington Post, June 23, 1974]

PROFIT-MAKING SCHOOLS: DECEPTION AND EXPLOITATION CHARGED

(By Eric Wentworth)

Businessmen who run schools to make money have, in many cases, been exploiting federal student and programs at the expense of the young Americans those programs are supposed to benefit.

Salesmen motivated—like the schools' owners—more by earnings than educational ideals have gone hunting for customers in the ghetto of Atlanta, Boston and Los Angeles, in Greenville, S.C., and Shreveport, La., in the public housing of Ardmore, Okla., in the food stamp lines of San Antonio, Tex., in the barracks of Army bases in West Germany and even in a halfway house for mental patients in the Pacific Northwest.

Dangling dreams of quick training for well-paid jobs as computer programmers, color-television technicians, executive secretaries, motel managers or airline hostesses, they have lured young consumers into contracts that often lead to debts and disillusionment.

One victim, an Atlanta welfare mother, complained a finance company was dunning her to repay nearly $500 on a federally insured student loan for three weeks she spent at a local business college. She dropped out because conditions were poor and the school wanted more money.

Another, a veteran in Duluth, Minn., wrote his congressman in desperation because a Chicago bank was demanding a $405 repayment on his student loan which he didn't think he owed. He had been lured into a correspondence course in color-television technology, dropped out because the course proved too difficult, and said the school was refusing to help straighten out his problems with the bank.

In another case, a group of young people recruited by an airline personnel school in Hartford, Conn., through what they allege were numerous false claims are suing the school for damages. The majority had been signed up to federally insured loans to help pay their tuitions.

Salesmen eager for commissions have often failed to spell out the financial fine print when they sign up unsophisticated customers to enrollment contracts and loan applications. They have sometimes misled them to think, for example, that they will only have to repay their loans after landing that job for which they'll be trained.

Many young customers come from low-income families, hold unrewarding jobs—if they're employed at all—and have missed out on less costly educational opportunities such as public community colleges.

PROTECTION LACKING

Yet the government, while offering subsidies for their schooling—subsidies which salesmen use as bait—has failed time and again to protect these young Americans from fraud and needless financial losses.

At the same time, the government has failed to protect the taxpayer. It has doled out tens of millions of dollars on insurance claims for defaulted student loans and tens of millions more on GI Bill benefits for wasteful correspondence courses.

These conclusions result from months of reporting by The Washington Post on education's profit-seeking sector and the public and private agencies which are supposed to keep it honest.

The multibillion-dollar industry has thousands of members, from mom-and-pop secretrial schools in small Southern towns to nationwide chains and correspondence course factories owned by International Telephone and Telegraph, Control Data, Bell & Howell, Montgomery Ward and other large corporations.

While enrollment figures vary widely, the Federal Trade Commission has estimated that industrywide total at more than 3 million students—which would be at least one-third of the total for all public and private nonprofit colleges and universities. Bell & Howell alone recently reported 150,000 students in its correspondence courses and another 10,000 in classrooms, which would make it as large as the entire University of California system.

What sets the industry's members apart from UCLA, Yale or your local communtiy college is that they're all commercial ventures, selling education for profit.

A number of businessmen-educators undoubtedly run respectable operations. Advance Schools of Chicago, one of the big correspondence schools relying heavily on federally insured loans and the GI Bill, is eyed askance by some who find its reputation somehow too good to be true. But Sherman T. Christensen, founder and now chairman of Advance Schools, makes a strong case that its recruiting is scrupulous, its business practices ethical and fair, its courses properly educational and its 72,000 students relatively satisfied.

On the other hand, scores of interviews with a variety of sources and scrutiny of numerous public and confidential files have turned up many examples involving other schools of deceptive advertising, predatory recruiting, wrongful withholding of refunds and other unscrupulous or irresponsible practices.

Industry spokesmen, sensitive to occasional exposes, contend profit-seeking schools shouldn't be singled out for criticism. After all, they argue, nonprofit colleges, hard-pressed to fill classrooms and balance budgets these days, have begun resorting to commercial recruiting tactics, too.

But the fact remains, based on available evidence, that it is in the profit-seeking sector where abuses have been more frequent and extreme, and where the human as well as the public costs have so far been the greatest.

Dropout rates have exceeded 50 per cent in some profit-seeking classroom schools and run 75 per cent or more in many correspondence schools. True, rates are also high among nonprofit private and public colleges—where one 1971 study showed fewer than half the freshman would finish two-year programs and only one-third would finish four years.

But the profit-seekers, selling shorter courses aimed at specific careers, could be ex-

pected to have lower rates than most. Their dropouts, who in most cases have signed contracts to take and pay for an entire course, often quit at an early stage. Students at nonprofit colleges usually pay by the semester, and dropouts tend to leave at semester's end.

Neither profit-seeking nor nonprofit schools boast perfect scores in graduate job placements—witness recent reports of Ivy League graduates driving taxicabs. But for the profit-seekers, training for jobs—stripped of broader educational objectives—is the name of the game.

Certainly profit-seeking schools have been setting the pace when it comes to marketing. They advertise widely in all sorts of magazines—from Penthouse to Popular Mechanics—as well as newspapers and the Yellow Pages. They promote their services on matchbook covers and postcards, as well as television. Some use mass mailings. Others canvass by telephone. And those that find salesmen productive.

According to a detailed 1970 report on the industry by Edubusiness, Inc., of New York City, profit-seeking schools generally spent only about 20 per cent of their budgets on instruction but up to 60 per cent on marketing.

"Good sales representatives," Edubusiness reported, "command annual salaries considerably higher than those according the teaching staff."

One recent example was the magazine ad to recruit salesmen run last fall by Atlantic Schools, a subsidiary of National Systems, Inc., selling courses in the airline-travel field. "Generous commissions!" the ad promised. "Just five sales per month can earn you over $10,000 annually. Many of our salesmen earn more than $20,000 per year—and up to $60,000."

Weaver Airline Personnel School, advertising for salesmen in The Washington Post help-wanted columns last Nov. 18, offered salesmen "high commissions plus monthly annual bonuses and our TOP reps have won extra bonuses, from a car to a European vacation."

While some profit-seeking schools for one reason or another have shunned heavy involvement in federal programs, others have increasingly used them to fullest advantage to enroll large majorities of their students.

In the federally insured student loan program, for example, profit-seeking schools generally have been accounting for about one-third of the total multibillion-dollar volume. But in the 1973 fiscal year, according to government figures, three school owners alone—Advance Schools, Bell & Howell and Montgomery Ward—enrolled more than 200,000 insured-loan borrowers. In the January-March, 1973, quarter, those same three accounted for more than $45 million in new-loan volume, or nearly 20 per cent of the total for all institutions in the program.

And according to Veterans Administration data published last fall, a dozen profit-seeking schools each enrolled more students under the GI Bill during 1972 than even the largest state university campuses.

Profit-seeking schools gained access to the federal student subsidies in the mid-1960s. Congress followed the precedent of prior veteran-aid programs in including them when it revived the GI Bill in 1966. The lawmakers made them eligible for the insured-loan program, and since then for other Office of Education student aid, on grounds that vocational education under all legitimate auspices merited more recognition and support.

Eligibility for these programs greatly broadened the potential student market for profit-seeking schools by giving millions of young people the financial means to enroll. It was doubtless a factor, in the late 1960s, in attracting Bell & Howell, McGraw-Hill, Montgomery Ward, Control Data, ITT, Lear Siegler, LTV and other corporations into what seemed a lucrative new field. Their involvement, through acquisitions and new ventures, brought fresh resources and apparent respectability to an industry still dominated numerically by far smaller enterprises.

Education profits have in fact proved elusive for many companies, large and small. A variety of management problems, the rising rivalry of low-tuition public community colleges, and a roller-coaster national economy have spelled slim earnings for quite a number and heavy losses for some. LTV and Lear Siegler have cashed in their chips.

Most companies, however, are staying in the game. And the industry as a whole has clearly emerged from the educational back waters it inhabited for decades into the mainstream. Looking ahead, school owners can expect a new boon for recruiting if the government's recent "basic opportunity grants" for low-income students are funded at more than $1 billion as the Nixon administration has proposed.

DEVELOPING SHIFT

Moreover, they stand to gain at least in the short run from the developing shift in student goals away from traditional liberal arts degrees and into programs geared toward work-world careers. Meat-and-potatoes career training, after all, is the industry's long-claimed specialty.

North American Acceptance, in turn, was acquired and owned until recently by Omega-Alpha Corp., the conglomerate that financier Jim Ling put together after his ouster from control of LTV.

Under new ownership, Blayton built enrollment by aggressive recruiting. By one account, a team of salesmen would telephone local high school graduates. The salesmen would offer them a ride to the school in a company-owned station wagon to inspect its facilities—including the plushly furnished president's office and reception rooms—and to view a recruiting film.

Those persuaded to enroll would be signed up, in practically every case, to a federally insured loan from North American Acceptance. All told, according to Office of Education estimates, the finance company's insured-loan volume soared by last summer to $1.3 million.

By last August, however, the federal agency's Atlanta office became concerned by Blayton's high dropout rate and a growing number of loan defaults and complaints from one-time students.

One handwritten complaint came from Linda Sloan, an Atlanta welfare mother. "I have received a number of letters and telephone calls from North American Acceptance," she wrote. "They are asking for money that I do not think they deserve. They are telling me that I borrowed almost $500 from them. I have never been there before in my life. This money is for a couple of weeks that I went to Blayton Bus. College.

"I signed a contract but was not permitted to read it because they said that it changed so often that 'by the time you start classes it will be different.' I was also told that during the first week of school, I would be offered a job. (None of this was true.)

"I went for about three weeks," she continued, "and after I found out that I was expected to pay over $1,000 I went to the office and told them I had quit. All they said was o.k. They didn't even make a note of it.

"I have been telling these people that I do not have a job, but they keep making all kinds of threats. They say I went to school for 35 days. I did not. I didn't even have a perfect attendance record the short time I was enrolled. The conditions there were poor, and I think it is unfair for them to force me to pay this much money for nothing . . ."

STUDENT WALKOUT

Last Aug. 20, an estimated 150 students—three-fourths of Blayton's largely black total enrollment at the time—staged a walkout to dramatize their complaints about the school. Their long list of grievances included a misleading catalogue (in which white employees of North American acceptance allegedly posed in photographs as students so it appeared the school was integrated), low admissions standards, unqualified teachers, insufficient equipment, unavailable courses, deceptive sales pitches and exorbitant tuition.

The students were also upset by the resignation of Mrs. Terry Davis, the school's black placement director.

Mrs. Davis said she had become disenchanted herself by the school's inferior quality, which made it hard for her to find jobs for its graduates, and was frustrated by undue restrictions on her work. The last straw came, she said, when the school's administrators—who clamed later that she had been unproductive—sought to hire a second placement director without telling her.

The Blayton students who walked out evidently hoped their demonstration would force the school to make some improvements. Student protests had been common enough on college campuses. Occasionally they had led to violence—far more often, to reforms.

The last thing the Blayton protesters expected was that the school's adminstrators would summarily expel them. But that, in fact, was what happened.

And with publicity about the protest causing enrollment cancellations among fresh recruits scheduled to start classes in October, Blayton officials decided they would simply close down the school when the summer term ended.

While the expelled students reportedly had partial refunds credited to their North American Acceptance loan accounts, depending on how long they had been enrolled, they were still faced with repaying the rest of their loans—for an unrewarding, unfinished, dead-end education.

Edward L. Baety, a lawyer retained by Mrs. Davis to represent her and the students, decided to file suit against North American Acceptance to free the students if possible from their repayment obligations.

He was "on the way to the courthouse," Baety said, when he picked up a newspaper, read that North American was filing for bankruptcy, and gave up his mission.

HUGE LEGAL TANGLE

Baety said recently he saw little hope for the students in adding another, relatively minor lawsuit to what has become a monstrous legal tangle. The collapse of North American Acceptance (sold by Omega-Alpha last August to GCI International, Inc., a California holding company) has touched off a flurry of investigations plus class-action suits on behalf of some 12,000 Georgia investors who were left holding an estimated $40 million in short-term North American Acceptance notes.

And the Blayton students weren't out of the woods. Robert E. Hicks, North American's court-appointed trustee, said he was legally obligated to "maximize" the finance company's assets in the interests of its creditors. That meant, he added, that an "effort will be made"—however unpopular—to collect from the student borrowers.

Should the students refuse to repay their loans, North American Acceptance through its trustee would presumably file claims for federal insurance on the defaults. And if the government paid those claims, it would then set about collecting from the students itself.

As things stand, the insured loan program allows forgiveness of debts only for death, disability or personal bankruptcy.

Time and again, where a profit-seeking school misled or short-changes its students,

overlooked Office of Education collection officials have been later assigned to extract money from the victims.

Said one official, "I can't find it in my own conscience to go out and collect from these people."

CORRECTION

The first article in this series published Sunday, described events last year at Blayton Business College in Atlanta as an example of what can befall students in the absence of effective regulation of such schools.

Blayton was accredited by the Association of Independent Colleges and Schools, approved by the Georgia Department of Education and eligible to enroll students under the federally insured loan program.

Blayton, originally a local family venture, had been acquired in 1971 by American Schools, Inc., which was owned in turn by North American Acceptance Corp., the finance company that made federally insured loans to most students enrolling at the school.

Paragraphs containing these facts about Blayton, which shut down after student protests last August, were inadvertently omitted from the Sunday article.

[From the Washington Post, June 24, 1974]

FOLDING SCHOOLS INCREASE LOAN DEFAULTS

(By Eric Wentworth)

When Technical Education Corp. of St. Louis abruptly folded last fall, Judy Rodriquez of Ottawa, Ill., was one of thousands of students taken by surprise—or, she later suspected, simply taken.

Like students at a number of other profit-seeking schools which exploited federally insured student loans in recruiting, she wound up a victim rather than a beneficiary of the government porgram.

Miss Rodriquez, a 22-year-old drugstore clerk, signed up in October, 1972, for Technical Education's correspondence course in data processing. She made a $100 down payment, and applied for an $890 federally insured loan to pay the balance.

She had completed about 60 lessons last October when Technical Education ran out of money and its creditor, EDCO Financial Services of Los Angeles, foreclosed.

EDCO set up a new school in Phoenix, Ariz., and said it would finish training Technical Education's stranded students.

But there was a catch. The now-defunct St. Louis school had spent all the tuition revenue from Miss Rodriquez and as many as 3,000 others who had paid in full with insured loans when they first enrolled. Hence, EDCO said, it would have to charge them extra for its own services.

Anxious to finish the course and get a certificate, Miss Rodriquez reluctantly took EDCO up on its offer and has spent an extra $100 so far—at $3 for each lesson she submits for grading.

Her original contract with Technical Education, she said, also covered tuition, travel and living costs for two weeks of classroom training in St. Louis. EDCO would provide that training in faraway Phoenix—but it would cost her an additional several hundred dollars which she can't afford.

Nor, Miss Rodriquez said, can she afford, on a drugstore clerk's salary, to repay the $890 federally insured loan which is supposed to come due this summer. (She assumes a bank or finance company will start dunning her, though she has no idea who—if anyone—holds her loan note.)

"I don't feel I owe anybody anything," she complained. She could refuse to pay the noteholder, who could then file a default claim and collect the federal insurance. But then the federal government itself would try to collect from her.

SORRY EXPERIENCE

Ideally, Miss Rodriquez would like to get her money back and put the whole sorry experience behind her. She has written letters about a refund without success. Technical Education, of course, is insolvent, and EDCO says it isn't responsible for Technical Education's liabilities. The government, under existing law, can neither pay refunds nor forgive student debts.

Malcolm H. Harris, EDCO chairman, said he understood that possibly 3,000 young students who had enrolled in Technical Education's courses with insured loans were owed anywhere from $300,000 to $3 million in unpaid—and apparently unpayable—refunds. (Nobody seemed sure of this figure.)

"Unfortunately and unjustly," Harris said, "I think they have really had the course. They're up the creek without a paddle."

The plight of Judy Rodriguez and other former students of Technical Education in the same boat—one U.S. Office of Education official called it a "horrible, lousy, stinking situation"—would be serious enough in itself.

In fact, it is only one of many problems that have cropped up in the past two or three years where profit-seeking schools were exploiting the insured-loan program to boost their enrollment revenues. In case after case, the students, whom the program was intended by Congress to benefit, have been the ones to suffer most.

School owners, some of them using misleading ads and hordes of glib salesmen, have lured thousands of young Americans into debt for training opportunities that turned out to be dead ends rather than promising paths to high-paid jobs. For many victims, these were debts and disillusionments they could ill afford.

The sorry scenario goes as follows:

The salesman signs up his young customers to an enrollment contract and insured loan application. He may gloss over the fact that they will be going into debt. He may imply that they will only have to pay off the loan after landing that lucrative job after training, or that Uncle Sam will pick up the tab if necessary.

In any event, the salesman gets his commission or adds to his sales-quota body count. The school owner himself gets ready front-end cash, since the loan proceeds usually provide him with the full tuition revenue before the young borrowers even enter the classroom.

The prospective students meanwhile, are caught up for the moment in heady dreams of a new life as computer programmers, executive secretaries or other skilled and well-paid jobholders.

Then the dreams start going sour.

Many student start their training but soon drop out. They may have found inferior lesson materials, inadequate equipment, unqualified instructors, overcrowded classes, indifferent administrators or other shortcomings they hadn't expected. Conversely, despite the salesman's assurances, they may have found the course too difficult for students with limited prior education.

UNEXPECTEDLY STRANDED

Others stay with their courses but then are unexpectedly stranded when the school's owner—for financial or other reasons played close to the vest—suddenly decides to shut down.

Students elsewhere who are able to finish their courses often discover the school's placement service is less than promised, or that their costly training carries little weight in any event when they go hunting for jobs themselves.

All these unfortunate individuals, however—like all the luckier student borrowers at other institutions—wind up with insured loans to repay.

It doesn't matter whether the ones who dropped out or were stranded got whatever refunds they had coming to them. And it doesn't matter whether those who finished the course got their money's worth.

Victims of this scenario and its many variations have turned up all over the country.

Barbara Rice, trying to support three children on a secretary's salary in California, was faced with a $1,500 insured-loan debt she couldn't afford for a court-reporting course. She never finished the course because the school, technically nonprofit Riverside University, was driven out of business when the state sued it for fraud.

In Hartford, Conn., Terry Allen and other former students of Atlantic School's airline personnel course have charged the school with fraud in their own lawsuit. Allen was angry when the school fell far short of the salesman's rosy description, and angry, too, when he couldn't get an airline job afterward. Then he was angry all over again when a savings and loan association in the Dakotas demanded repayment of his $600 insured loan—which he has refused to do.

It's hardly surprising that thousands of young borrowers who have had experiences of this sort at the hands of a number of profit-seeking schools have been angrily or desperately defaulting on their loans.

The Office of Education doesn't know for certain how many defaulters have legitimate if unavailing complaints against such schools—as opposed to deadbeats and ordinary hardship cases throughout the $6.7 billion loan program.

Hence, it doesn't know how much they are contributing to the total default volume for students who attended all types of private and public institutions.

CONTROVERSIAL LEVELS

It does know, however, that the overall volume of defaults is reaching costly and controversial levels.

By January of this year, the government had paid nearly $76.3 million in federal insurance to private lenders for 81,200 defaults, plus another $62.9 million to state and private loan-guarantee agencies whose default payments it partially reinsures.

Federal officials do have some indications, however, that borrowers enrolled by profit-seeking schools have been producing at least their share of defaults. One limited analysis, in fact, showed students enrolled by such schools accounting for 10 to 15 per cent of total federally-insured loan volume and later, at repayment time, for about 75 per cent of the defaults.

Moreover, the government agency's files contain a growing number of cases in which particular profit-seeking schools have short-changed their insured-loan students by one means or another—including failure to pay refunds to disillusioned dropouts.

Though students like Judy Rodriguez didn't know it, Technical Education Corp. had repeatedly been in trouble with the government before it folded. In a July, 1969, Federal Trade Commission consent order the company agreed to cease and desist from a number of alleged sales deceptions.

Then, in October, 1971, the Office of Education suspended Technical Education's authority to make its own federally insured loans on grounds it had been signing up ineligible high school students.

In March, 1973, the Office of Education also stopped insuring loans for Technical Education students from other lenders—which effectively barred its use of the program altogether.

A federal auditors' report, released subsequently, estimated that as much as 60 percent of some $3 million in insured loans to Technical Education students were in fact uninsurable because the borrowers had still been in high school, had enrolled but never

started training, or had started but dropped out.

The auditors added that Technical Education had been "extremely slow, in most cases," in making refunds to those borrowers.

Finally, a month after Technical Education went broke, Judith Roman of the Greater St. Louis Better Business Bureau disclosed in a confidential report that there had been many complaints about the school's advertising, sales tactics, instructional services and failure to make refunds. "Letters promising still undelivered refunds to students go back as far as January, 1973," she reported.

For his part, Charles R. Johnson, Technical Education's president, said he was "a little bitter" about the whole experience. He said his school had taken advantage of the insured loan program to compete with larger rivals but found it "the worst thing that ever happened to me."

$900,000 IN LOANS

Johnson said the Office of Education "broke us" after March, 1973, when it held up insuring some $900,000 in loans for new students until refunds to former students were paid.

He said he vainly asked the federal agency to assure the lender that insurance would be forthcoming once the refund obligations were met. Then came the auditors' report, which he called "ridiculous . . . unreal."

Johnson said his school went ahead with educating the new students even without tuition revenue from their still-uninsured loans. The Office of Education kept stringing him along while the company's cash pinch tightened, he said, and finally, "We just ran out of money."

How many Technical Education students with loans insured earlier will ultimately default won't be known for a while. But federal officials have repeatedly found high default rates from schools which didn't make the refunds they were supposed to—either to dropouts or students they had stranded. Students who feel a school owes them money are less likely to pay their own debts.

Two years ago, for example, federal officials looked at the records of Marsh Draughon Business College in Atlanta, one of nearly 40 small schools throughout the South which LTV Corp. had bought a few years earlier when education seemed a rich new frontier for American business.

The officials were concerned because former Marsh Draughon students were defaulting on their loans at a high rate—later analysis showed nearly 62 per cent of them weren't making repayments. Their investigation disclosed that among 113 individual defaulters, 95 were owed a total of nearly $60,000 in unpaid refunds.

LTV executives, alarmed, sent their own audit team to check the books of all LTV schools. The results produced a shock in LTV Tower, corporate headquarters in Dallas. According to the auditors, the school chain owed at least $5 million in unpaid refunds—more than wiping out the supposed profits previously on the books.

The former LTV students, it turned out, were relatively lucky. The big conglomerate, 21st last year on Fortune magazine's roster of the 500 largest industrial corporations, decided it would, belatedly, make good on the refunds. (Faced with operational problems as well as unexpected red ink, it has also sold off all its schools.)

Other school owners, faced with financial problems or threatened investigations, have simply shut down their schools.

Last June, the Office of Education wrote one industry accrediting group, the Association of Independent Colleges and Schools. Thirteen of the group's schools, the Office of Education complained, had closed within eight months "without delivering the educational services for which a large number of student borrowers have paid in advance from proceeds of federally insured student loans . . ."

"Questionable recruitment and admissions practices have usually resulted in an alarmingly high dropout rate by these institutions prior to their closure," wrote John R. Proffitt, director of the Office of Education's accreditation and institutional eligibility staff. "Accordingly, many of these institutions lacked the financial capability to meet required student refund liabilities because of apparent mismanagement."

Questionable at best were practices which the accrediting association had already uncovered at one of the 13 schools. Community College in San Antonio, Tex., had been recruiting 80 to 85 per cent of its students under the insured loan program, and by the summer of 1972 had run up a total loan volume of some $3.5 million. More than 55 per cent of some 1,755 recruits had droped out.

Jack H. Jones, Florida school owner and association leader who was sent to investigate the school in September, 1972, found its salesmen had been recruiting large numbers of welfare recipients—three salesmen, in fact, had been assigned to a local welfare office where people came to get food stamps.

"A very high percentage of these welfare recipients," Jones wrote in his confidential report, 'were migratory farm workers who could be expected to remain in the area only short periods of time before moving on to another part of the country, automatically producing a dropout that would be very profitable to the institution under a strict interpretation of the [association's] refund policy, but a windfall under the distorted policies administered by the institution."

$500,000 OWED

All told, Jones reckoned, Community College owed its former students some $500,000.

Hardly less callous was the attitude Jones and a colleague had encountered a few months earlier when they investigated another of the 13 schools—Delta School of Commerce in Shreveport, La.

"Although instructors appeared dedicated to a job of educating the young people," they reported, "management appears to have no interest in the welfare of the student body.

"Top management," they continued, "apparently had devoted itself to the collection of substantial sums of tuition in advance and the utilization of its capital in acquiring or opening other institutions for the purpose of obtaining additional windfalls."

A new owner acquired Delta School of Commerce in the late summer of 1972, according to Louisiana authorities. Then, in February, 1973, the Louisiana attorney general's consumer protection unit in Shreveport began investigating a student's complaint about an unpaid refund. A few days later, Delta School of Commerce announced an "early spring vacation," closed its doors and has never reopened.

A federal official's confidential memo, based on an investigation of school problems in the South, describes a blatant pattern of loan-program exploitation:

A school owner makes a deal with a bank, which agrees to pay his school a specified sum, say $150,000.

The school owner then sends salesmen to recruit 100 students and sign them up for $1,500 loans to cover tuition. The salesmen also get the students to sign papers authorizing the bank to turn over the loan proceeds directly to the school.

The bank then pays the school the $150,000 as agreed, frequently without contacting the borrowers or making sure they show up for classes.

This way the school owner has his cash. The bank gets federal interest subsidies on the loans while the borrowers are supposedly in school, and the protection of federal insurance if they default.

Only the unwitting students, faced with repaying their loans to the government if not to the bank, regardless of whether they get an education, stand to lose.

CALIFORNIA CASE

Student borrowers are left holding the bag even if a school shuts down as a result of illegal activities. This happened three years ago in California, where the state attorney general's office filed a civil fraud suit against self-promoting though technically non-profit Riverside University. The school, swiftly forced into receivership, was charged among other things with certifying numerous ineligible students for insured loans.

Some had signed up for insured loans but hadn't yet started classes when Riverside folded. Since the school had received and spent their loan proceeds, however, the prospective students had to repay the loans despite receiving neither educations nor refunds.

Aroused by what happened at Riverside, California Congressmen Jerry L. Pettis and Alphonzo Bell introduced a bill last December aimed at better controlling school eligibility for student aid programs.

"A fine industry which is fulfilling an ever increasing need for good post-secondary education," Pettis asserted, "is being discredited by con men, hustlers and run-of-the-mill incompetents."

To protect students, their bill would relieve insured-loan borrowers of their debts if it was found the schools which short-changed them should never have been eligible for the program in the first place.

[From the Washington Post, June 25, 1974]

SCHOOLS LURE VETERANS WITH TOOLS AND TV'S

(By Eric Wentworth)

"Build and keep one of today's most advanced color TVs!" urged Bell & Howell in its three-page advertisement in the April Reader's Digest. "It's the perfect spare-time project . . . an enjoyable way to learn about the exciting new field of digital electronics!"

The ad, one of many Bell & Howell has been running, invited readers to send in for more details and a free booklet about GI Bill benefits.

The GI Bill, according to George P. Doherty, who headed the company's education ventures until resigning recently, has been subsidizing about two-thirds of the 150,000 students taking Bell & Howell correspondence courses in color-television technology, other electronics fields and accounting.

Bell & Howell, in fact, is one of numerous companies selling correspondence courses in subjects from color-television technology to motel management that have found the GI Bill a bonanza for enrollments.

Veterans pursuing conventional classroom educations receive fixed monthly benefits regardless of their expenses—a system causing repeated outcries as tuition and living costs soar. But those taking correspondence courses are reimbursed for completed lessons at a flat 90 per cent of the tuition, whatever it happens to be and whatever—such as expensive "build and keep" television sets—it happens to cover.

The market subsidized by the GI Bill is immense. When Congress launched the present program eight years ago, it provided benefits not only for Vietnam veterans but for all those who had been mustered out as far back as 1955. And, for the first time it extended coverage to active-duty servicemen.

All told, the present GI Bill has rendered some 9.7 million young and not-so-young Americans eligible for benefits. Through last June, the Veterans Administration had spent some $8.1 billion on training benefits for

more than 4.1 million on those eligible—making the GI Bill by far the largest federal student subsidy program.

VETERANS' EDUCATION

Companies selling education for profit—including big corporations such as Bell & Howell which have entered the field since the current GI Bill began—have taken advantage of this student market in a massive way. While most people might think of veterans using their benefits to study on college campuses, nearly one in four has been spending them on commercially sold correspondence courses.

In 1972, according to Veterans Administration data published last fall by Educational Testing Service, 12 profit-seeking schools each enrolled more GI Bill students than the University of Maryland at College Park.

Advance Schools, Inc., of Chicago led the VA list with 51,114 GI Bill correspondence students, more than the total student bodies—part-time as well as full-time—of American, George Washington and Georgetown universities combined.

Commercial Trades Institutes, owned by Montgomery Ward, was second with 34,880 GI Bill students. Further down the list were two Washington-based schools owned by McGraw-Hill: Capitol Radio Engineering Institute with 8,564 GI Bill enrollees and National Radio Institute with 7,901.

The University of Maryland at College Park, with the largest GI Bill enrollment that year among all public and private nonprofit institutions, had only 4,381.

Companies in the correspondence school business have captured a big share of the market through aggressive selling. Their ads appear in Army Times, Argosy, Action Comics, Popular Mechanics, Popular Electronics, Penthouse, Front Page Detective, Glamour, Hot Rodder, Ebony, National Enquirer and a host of other publications.

These ads extol the high pay and status, even the excitement and glamor, that supposedly await students completing the course. Cleveland Institute of Electronics, promoting its color-television course, claims, "You'll Be Dynamite."

The ads also state "Approved for Veterans" or similar wording assuring readers that the courses qualify for GI Bill benefits.

Some companies exploit the GI Bill blatantly. Recently, for example, Commercial Trades Institute display boxes crammed with "take one" cards appeared in a laundry and a delicatessen on Wisconsin Avenue here. The red-white-and-blue cards, headed "Attention All Veterans," with an American flag in one corner, read, "It will pay you to learn about your benefits under the GI Bill. Specialized home study training for those who qualify. Tools and equipment furnished and are yours to keep."

Veterans could mail in one of the preaddressed cards for more information about courses in color-television servicing and six other subjects.

FIVE HUNDRED NINETY SALESMEN

Some correspondence-school companies rely wholly on ads and promotional mailings. Advance Schools, on the other hand, uses 590 fulltime salesmen operating out of 147 district offices. Bell & Howell uses both ads and salesmen, of which it has 400 for its electronics courses and another 100 for accounting.

The European edition of Stars and Stripes published a special series last November on how some correspondence school salesmen, including retired military officers, were preying on enlisted men overseas. Stars and Stripes reporters found salesmen gaining illegal entry to military bases, signing up soldiers without worrying whether they could benefit from the courses, inducing them to evade required counseling with base education officers, and even supplying them with exam answers to hasten their progress.

Two years ago, the VA and Congress decided the GI bill was making it all too easy for profit-seeking correspondence schools to sell their courses—and both taxpayers and consumers were suffering as a result.

A special General Accounting Office report showed 75 per cent of the veterans and servicemen whose GI Bill benefits had stopped were dropouts. Only about half of those who finished their courses and sought training-related jobs were successful.

One could well conclude, though the GAO didn't say so, that there had been a massive waste of tax money in GI Bill subsidies to veterans who dropped out of their courses.

Though GI Bill benefits were supposedly covering 100 per cent of tuition at that time, the GAO found some 134,000 dropouts had paid an estimated $24 million out of their own pockets. This occurred because VA based benefits on lessons completed, while schools accredited by the National Home Study Council—as most were—based student charges on the elapsed time since they first enrolled.

Congress adopted a package of reforms. GI Bill benefits would cover 90 per cent, instead of the full 100 per cent of tuitions. A "cooling-off period" would require GI Bill students to reaffirm their intentions in writing at least 10 days after signing an enrollment contract. And servicemen would have to consult with base education officers before applying for benefits.

Congress also accepted the National Home Study Council's refund-policy reform for accredited schools, which would tie refunds to percentages of lessons completed.

The reforms took effect Jan. 1, 1973, and had a marked effect. VA reported that new enrollments in commercial correspondence courses during the first six months fell 27.8 per cent, from 130,937 a year earlier to 94,495. New enrollments by servicemen alone dropped dramatically, from 26,190 to 12,803.

"Somebody out there has been saying something right to people about commercial correspondence courses," Col. John J. Sullivan, Pentagon adult education director, told a gathering of military-base education officers last fall in Dallas.

PROBLEMS PERSISTED

Serious problems, however, have persisted. Droupout rates have remained high. Even Bell & Howell, promoted as the "Cadillac" of correspodence schools, reported that at most 50 per cent of those who sign up for its courses actually complete them.

The Stars and Stripes articles, a recent Boston Globe series, and The Washington Post's own investigations confirm that sales abuses still occur.

And, in particular, the fact that GI Bill benefits for commercial correspondence courses remain pegged to tuition rates—even at 90 per cent instead of 100 per cent of those rates—helps perpetuate the program's heavy costs.

To the extent tuition rates cover marketing as well as instructional costs, the GI Bill subsidizes both.

A study funded by the Carnegie Corp. six years ago estimated medium-sized correspondence schools were spending 40 to 45 per cent of their budgets on sales and promotion, and less than half that amount—17 per cent—on direct instructional costs.

A Washington Post reporter mailed in coupons or letters answering the ads of some three dozen commercial correspondence schools to learn about their promotional methods. They responded with salvos of folksy form letters and elaborate glossy brochures.

National Camera, which runs a camera repair school based in Colorado, was the most prolific. It sent a total of 14 pieces of mail over an eight-month period in response to one inquiry.

Getting no response to its initial mailings, LaSalle Extension University wrote, "When you first inquired about the LaSalle course in motel/hotel training you had taken a positive step toward a bigger future. And now, for some reason, you have faltered along the way."

EYE-CATCHING EQUIPMENT

Many companies promote their courses with a heavy stress on expensive or eye-catching hardware which they would supply with the lessons. They seemed to include such equipment as much to sell the course as to enhance its educational value. In extreme cases, they seemed to be selling equipment rather than education.

This seemed most notably the case with Bell & Howell, Cleveland Institute of Electronics, National Technical Schools, International Correspondence Schools and others selling color television technology courses in which they featured deluxe "build and keep" construction kits as well as assorted testing equipment.

Anyone can buy such kits by mail order from the Heath Co. in Benton Harbor, Mich., which supplies detailed and readable manuals for step-by-step assembly, maintenance and troubleshooting. Richard Shadler, Heath's contract sales manager, confirmed that his company sells "Heathkit" color television sets at volume discounts to Bell & Howell and several other schools for them to use in their correspondence courses.

If you buy, and build the $599.95 GR-900 or $649.95 GR-2000 "Heathkit" sets from Heath directly, of course, you pay the full price yourself. If you're a serviceman or veteran and acquire a modified "Heathkit" through Bell & Howell's $1,595 correspondence course, however, the GI Bill will cover 90 per cent of your total course cost.

Bell & Howell's Doherty conceded someone could sign up for the course under the GI Bill more to get a 25-inch-screen color television set at a government-subsidized bargain than to get an education in electronics. But there were obstacles, he insisted: the 170-lesson course was difficult and time-consuming, GI Bill benefits were paid only for lessons completed, and students received their "Heathkit" components only in the last quarter of the course.

In addition, the GI Bill is supposed to subsidize only veterans and servicemen whose studies have an educational, vocational or professional objective for which they are not already qualified—and they must state their objective on the benefits application form. Courses with a "recreational or an avocational purposes" aren't supposed to qualify for benefits.

LOCAL RESIDENTS

Nonetheless, Washington Post telephone survey of local residents taking the Bell & Howell course under the GI Bill turned up Pentagon civilians and miltiary officers, business executives, airline pilots and even dentists who said they had enrolled for a hobby, to acquire a new television set, or to learn to repair sets they already owned.

"We don't require them to take a lie detector test," a Veterans Administration official commented.

Aside from $600 television kits, other companies offer a variety of valuable if less glamorous hardware. National Radio Institute included a "handsome window air conditioner that serves as a training unit as well as a welcome addition to your home" in one of its courses.

Belsaw Institute's $275 locksmithing course included a $125 Belsaw Machinery Co. key machine-code cutter and other tools and supplies—total retail value $215, or 78 per cent of the tuition.

The North American Correspondence Schools, owned by National Systems, spiced up their courses with a $129.50 adding machine for accounting, and "three big drafting kits" for drafting.

True, anyone taking vocational or technical training learns more effectively with access to the tools and equipment giving "hands-on experience." Students who attend classes at a school get that access in the school's labs or shops. Correspondence students can't do that, so the schools instead mail them what amounts to their own individual laboratories.

It can be argued that since the schools can't control what happens to equipment in the hands of farflung correspondence students, it makes sense to let the students keep what's sent to them.

"We don't want to go all over the country recovering TV sets from all our students and then have a massive repair operation," Doherty said in explaining why Bell & Howell has correspondence students "build and keep" their color televisions.

Students taking a comparable course through on-site training at one of Bell & Howell's DeVry Institutes of Technology use school equipment instead and don't get sets to keep. "A couple of resident instructors are watching over the students," Doherty said, "and the amount of damage is held to a minimum."

There are, however, exceptions to the "build-and-keep" approach in correspondence courses. National Camera mails tools, test instruments and camera components to its correspondence students on temporary loan—requiring refundable cash deposits as high as $233.10 in various phases of the course.

"Their cost, if you had to pay for each item," National Camera informs its students, "would nearly double tuition fees. To keep tuition cost at a minimum, this equipment is loaned to you."

DIAMONDS LOANED

Likewise, the non-profit Gemological Institute of America loans out on the honor system a series of diamonds worth up to several hundred dollars apiece for students in its appraisal course to grade and mail back.

Even Bell & Howell itself, according to Doherty, makes an exception in one of its other correspondence courses, on electronic communications. Because one piece of equipment costs $1,000 and is needed for only one phase of the course, he said, the company loans it out under a $100 deposit rather than letting students keep it and pay extra tuition cost.

Some schools padded their offerings with less expensive but less essential paraphernalia which would still add something to tuition costs.

The North American School of Travel, for instance, embellished its travel-agent course with a Rand-McNally globe, wall map and atlas plus a set of Holiday Magazine guidebooks.

Modern Upholstery Institute, an unaccredited California school state-approved for GI Bill students, showed how fuzzy the line can be between educational essentials and non-essentials in correspondence study.

The school started out offering a $255 course, which veterans could take with 90 per cent GI Bill subsidies. The course included more than 125 lessons, upholstering tools, and six kits of materials to make an ottoman, boudoir chair and other furnishings.

Failing to make a sale, the school then offered a "compact" upholstery course in which students would grade their own lessons. The compact course, no longer qualifying for GI Bill benefits, cost $150 with only four kits (no boudoir chair or club chair) or $124 without any kits.

The school claimed that the compact course allowed it to slash costs "without reducing its instructional value in the slightest degree." (Ultimately, the school came up with a "streamlined" course for only $76 in which all the lessons—and a set of tools—would be mailed in "one giant package." Still, it claimed, "not one single vital bit of information has been omitted!")

BONUS DISCOUNTS

North American schools were among the front-runners when it came to offering bonus discounts up to $150, or gifts, to students mailing in enrollment contracts by certain deadlines. Their gifts included a "deluxe travel bag" from the School of Travel and a pair of binoculars from the School of Conservation.

Cleveland Institute of Electronics offered up to 17 "free gifts" worth a total $165.25—including an electronic pocket calculator—for prompt enrollments. And Technical Home Study Schools in New Jersey, also for prompt enrollments, offered an 18-volume "Encyclopedia of Good Decorating" from its Upholstery and Decorating School, and more than 100 key blanks from its Locksmithing Institute.

Still another come-on which several companies used involved opportunities for postgraduate training. Students who could afford their own travel and living expenses could take advantage of the opportunities without extra tuition.

North American School of Conservation offered "a thrilling week, or more" of lectures, field trips and "leisure fun" at its "summer camp in Wyoming's breath-taking scenic beauty."

ENVIRONMENTAL CENTER

Its rival outdoor-careers school, the National School of Conservation (acquired since by Technical Home Study Schools) last fall was offering a week-long "remarkable living and learning experience . . . and, yet, it's like the vacation of a lifetime" at an environmental study center in Wisconsin's North Woods.

Less recreational but perhaps more educational, National Camera offered a two-week "resident seminar" at its Englewood, Colo., headquarters; National Technical Schools offered up to a full month's "workshop training" at its school in Los Angeles; National Radio Institute offered one week's training at York Institute in Pennsylvania for its air conditioning, refrigeration and heating students; and North American School of Drafting offered 50 hours' training at Cleveland Engineering Institute.

School owners, in short, have been able to charge tuitions that cover a wide array of embellishments while GI Bill benefits pay 90 per cent of whatever those charges happen to be.

This government generosity persists at a time when veterans attending conventional colleges complain bitterly that their benefits—based on flat monthly rates regardless of tuition and other costs—aren't meeting their needs. It's a time, as well, when young Americans are finding other federal student aid funds in generally short supply.

[From the Washington Post, June 26, 1974]

FOR THOUSANDS, ACCREDITATION HAS SPELLED DECEPTION

(By Eric Wentworth)

Back in the 1960s, an outfit calling itself Citizens Training Service, Inc., set up shop in Danville, Va., and took in nearly $1 million selling bogus correspondence courses before being shut down for mail fraud.

A North Carolina farmboy with only a sixth grade education was one of its 10,000 victims, who were assured the courses would get them Civil Service jobs. A 71-year-old woman already past normal Civil Service retirement age was another.

To avoid a fleecing, consumers these days are advised to sign up only with schools accredited by a government-recognized trade association. Thus the Council of Better Business Bureaus recommends, "One of the best and easiest ways for you to protect yourself when selecting a school is to see if the school is accredited."

And both the Federal Trade Commission in a consumer education brochure, and the Veterans Administration in a bulletin on correspondence courses, state that accredited schools necessarily meet the minimum standards of their respective associations.

Given such advice, consumers may predictably assume that all accredited profit-seeking schools will treat them fair and square. Recent experience, however, has repeatedly shown that the present accrediting system keeps consumers in the dark about school abuses that could victimize them.

True, the trade groups' accrediting commissions have fostered generally higher standards of teaching, physical facilities and business practices than would be likely to exist in their absence.

But still they have failed, in case after case, to protect young consumers from being enticed into debt with federally insured student loans by schools that short-change them, or from wasting their GI Bill benefits on costly, blind-alley correspondence courses.

For thousands of veterans and other consumers, accreditation has in fact spelled deception.

ACCREDITING GROUPS

The accrediting groups, to which the U.S. Office of Education grants formal "recognition" and delegates many regulatory duties, aren't solely to blame, however. They are only part of a mixture of public and private agencies that are supposed to be watching out for consumers' interests. These agencies have generally scanty resources, restricted powers, misplaced priorities, conflicting interests and often mutual suspicions.

"The blame for this situation cannot be directed in any one direction," Judith Roman of the Greater St. Louis Better Business Bureau asserted after the collapse of Technical Education Corp. last fall stranded thousands of students. "In fact, it is the very nature of the program which diffuses the guilt.

"The individual schools are guilty, of course," she continued. "But, they are accredited and those accrediting commissions are responsible for policing the schools and their policies to maintain standards.

"If the accrediting agency falls short, then it is the responsibility of the Office of Education . . . to remove that agency from their approved list."

Accreditation of education's profit-seeking sector is largely in the hands of three groups, each of which accredits—and counts as members—only a fraction of the schools in its field. They include the National Home Study Council, which accredits about 160 correspondence schools; the Association of Independent Colleges and Schools, which accredits about 500 schools largely in the business-secretarial field, and the National Association of Trade and Technical Schools, which accredits about 400 schools teaching everything from computer programming and welding to fashion merchandising. (Since some companies own numerous schools, these totals overstate the number of school owners.)

The possibly 600 correspondence schools, 700 business-secretarial schools and 3,000 trade and technical schools which aren't accredited may be worse—or in some cases better—than accredited institutions.

Unaccredited schools may be too new to qualify, may have sought accreditation and so far failed, may have held accreditation and then lost it, or—since it's a voluntary system after all—may have simply wanted to avoid the fees, red tape and restrictions that accreditation entails.

For those who want it, accreditation has a number of advantages. It's a mark of respectability, helpful in recruiting, especially since consumers are advised to rely on it. In many states, accreditation brings eligibility for GI Bill enrollments with fewer restrictions—as

well as exemption from some or most state licensing regulations. And, with some exceptions, accreditation is a requirement for enrolling students under the federally insured loan program.

DOUBLE ROLES

The three industry groups play double roles. On the one hand they are trade associations, protecting and promoting their members' images and interests on Capitol Hill, with various federal and state agencies, and wherever else they can be helpful.

On the other hand, to perform accrediting functions, they have created commissions which operate with somewhat tenuous independence. The commissions are charged with enforcing numerous standards which—on their face—appear to go far toward assuring that accredited schools are educationally sound, financially stable and ethical.

Unfortunately for consumers, however, too many accredited schools have ignored, distorted or defied these standards—and gotten away with it for months, even years.

When federal auditors last year challenged the president of Technical Education Corp., Charles R. Johnson, for failing to abide by National Home Study Council refund standards, Johnson insisted those standards were mere "recommendations" which his school could—and did—reject.

Practically all the school problems described in these articles, in fact, developed at accredited schools.

The basic problem: industry accrediting groups are neither inclined nor properly equipped to act as policemen despite the regulatory responsibilities they've had delegated to them.

"Accreditation," said William A. Fowler, National Home Study Council executive director, "is not really designed for day-by-day enforcement of individual rules."

"We would rather be helping schools to upgrade their programs," explained Dana Hart, executive secretary of the Association of Independent Colleges and Schools' accrediting panel, "than telling them what not to do."

To consumers and other outsiders, a school either is or isn't accredited. From the vantage point of the accreditors, however, matters are less clear-cut.

STIPULATIONS APPLY

Bernard H. Ehrlich, counsel for both the home-study and trade-and-technical groups, said many schools are accredited "with stipulations"—conditions, based on sometimes serious deficiences, which they are told they must satisfy to stay accredited. "If you try to explain this to the public," Ehrlich insisted, "how would the public understand?"

All three groups have procedures, both formal and informal, for handling problems that arise with accredited schools. If a complaint from a student or one of the school's competitors seems minor, an accrediting-group official may try to work things out with a phone call or letter. When the problem appears serious, particularly when the Office of Education wants action, the accrediting commission may launch a formal—and confidential—investigation.

Investigations typically include inspecting the problem school with a team comprising officials from other schools and an accrediting group representative. Depending on the team's makeup and other circumstances, such inspections may be searching or superficial.

A federal official who accompanied one National Home Study Council team's visit to a problem school on the West Coast last year reported finding the team inadequately briefed on what to look for, one member arriving hours late, the school's required self-evaluation report "totally inadequate," and the inspection's five-hour duration insufficient.

Many months may elapse from the time an accrediting commission launches an investigation until its final decision to withdraw a school's accreditation. The Home Study Council's commission, for example, decided to investigate Technical Education Corp. in May, 1973, after learning from the Office of Education—which had suspended insuring its students' loans—that the St. Louis school was in trouble.

INSPECTION TEAM

But commission procedures allowed Technical Education time to prepare and submit its self-evaluation report and pay the inspection fee. Hence, the inspection team's visit wasn't scheduled until October.

It was too late. The day before the visit, Fowler recalled, the Home Study Council got a phone call from St. Louis: Technical Education—out of cash—had collapsed. (Two days later, at a hastily called meeting, the accrediting commission accepted the school's resignation from accreditation to prevent further delays in decisionmaking.)

At least the home study accreditors' investigatory wheels had been turning. William A. Goddard, executive director of the trade and technical schools association which also accredited Technical Education, said he hadn't been aware that the school was in trouble before it closed.

"The last financial statement we got from them was not the strongest," Goddard said, "but it indicated the school would last . . . This was one of the schools we thought we knew."

The three accrediting groups, while relied on by the Office of Education to regulate their schools, are nonetheless private agencies subject to all sorts of legal constraints. This was dramatized four years ago when Macmillan, Inc. (then Crowell, Collier and Macmillan) sued the Home Study Council.

The giant publishing concern claimed that the council had violated due process by denying reaccredition to its six correspondence schools among them LaSalle Extension University and by publicizing the denial. Macmillan also challenged the Office of Education for recognizing and delegating duties to a trade association.

The case was settled out of court. Macmillan set about upgrading its educational programs, while the Home Study Council agreed to continue the school's accredition and revise its own procedures. Though the council and its accreditors were thus spared prohibitive legal costs, the public lost a chance for court rulings on some basic issues.

MACMILLAN SUIT

The Macmillan suit, other legal challenges to accreditation and pressure from the Office of Education led all three accrediting groups to build more due process into their decisionmaking. They developed provisions for school owners to respond to charges, for hearings, for appeals—and for bans on publicity until a final decision to withdraw a school's accreditation.

These provisions, as followed today, tend to protect school owners from ill-considered decisions, protect accrediting groups from more frequent lawsuits, protect the Office of Education's continued reliance on private accreditation—and leave student consumers more in the dark than ever, over longer periods of time, about serious school problems.

"If we were free from legal liability," said Richard A. Fulton, executive director of the Independent Colleges and Schools Association, "we would be delighted to run up the flag and say we're investigating the problems of X, Y and Z schools." Fulton conceded, however, that his group has never sought such immunity.

Even when an accrediting body does withdraw a school's accreditation, it holds publicity about the decision to a minimum. "It's not up to us," Fulton insisted, "to put the scarlet letter on the forehead of a school."

Often schools which have their accreditation withdrawn have already gone out of business anyway. Opinions differ on whether withdrawal can be fatal to those still operating, but certainly schools heavily dependent on federal student aid are hard hit when withdrawal costs them their eligibility. In any event, accreditors generally appear more inclined to prod away at a school in hopes it will eventually clean itself up than to use their ultimate weapon and kick it out of the club.

If the accrediting groups could be more aggressive in protecting the consumer, so could the Office of Education. In its statutory role of "recognizing" individual accrediting groups, the Office of Education occasionally has shown as much tolerance toward their shortcomings as they have shown toward accredited schools.

The federal agency's accreditation staff while well intentioned, is short of people and overwhelmed with paperwork. It must screen applications for initial or renewed recognition, provide staff services to a committee advising the education commissioner, and try as best it can to monitor some 50 recognized accrediting bodies.

HANDLING COMPLAINTS

Practical necessity, then, as well as legislative authority has led staff director John R. Proffitt and his aides to depend heavily on the accrediting groups to handle complaints against individual schools and enforce standards generally.

While the Office of Education has prodded an accrediting group to remedy lapses in performance—such as a serious conflict-of-interest episode in the Association of Independent Colleges and Schools—its dependence is such that it has never used its power to revoke a group's recognition.

One well-versed critic has called this symbiotic relationship an "unholy marriage, dangerous to both parties, failing adequately to protect the public and student interest while endangering the independence of accrediting agencies.

Down the hall from Proffitt's staff, the Division of Insured Loans has also mixed good intentions with mediocre performance in protecting student borrowers. Division officials have become increasingly concerned over the past three years about accredited profit-seeking schools which have abused the insured-loan program at students' expense.

At the outset, these officials understood that so long as the schools kept their accreditation they remained necessarily eligible for insured loans. To remedy that, Congress in 1972 gave the Office of Education authority to audit schools and to limit, suspend or revoke their insured-loan eligibility.

Yet nearly two years later, the Office of Education still hasn't published the regulations required to exercise that authority.

SUSPENDED INSURANCE

Meanwhile, federal officials have resorted to several ad hoc devices to curb predatory recruiting, wrongful withholding of refunds or other school abuses. For one, they have suspended some schools' authority to make insured loans to their own students.

For another, they have gone further and suspended insurance on loans from any lender for students at a given school. Intended to force the school owner to clean up his operations, this device in some cases has dried up the school's cash flow and driven it out of business—stranding students with unfinished educations and no hope of refunds, yet still with loans to repay.

According to Technical Education's Johnson, it was the Office of Education's suspension of loan insurance which "broke us."

Federal insured-loan officials had a more promising approach going for awhile. When a school's recruiting tactics aroused suspicion, they would send questionnaires to individual

student loan applicants the school was enrolling. In numerous cases, the applicants, if they replied at all, proved ineligible, unaware that they would be going into debt, or misinformed about their eventual repayment obligations. Many would cancel their loan applications and pull out of the school.

In a case two years ago involving 20 young people recruited for International Business Academy in Oklahoma City, questionnaires brought no response at all from 11 and canceled applications from four others. Further checking showed another student was still in high school and thus ineligible, and two more were high school dropouts unlikely to succeed in the training.

Predictably, some school owners complained angrily about the questionnaires—a lawyer for one called them "heavy handed"—and last fall the Office of Education abruptly told its regional offices to stop using them. Someone, it seemed, had convinced Office of Education officials in Washington that they were breaking the rules since the questionnaires didn't have proper bureaucratic clearance and were being used only selectively—that is, against certain schools.

FRESH QUESTIONNAIRE

Soon afterward, a top official in the Office of Education's insured loans division said his staff was working on a fresh questionnaire and would seek proper clearance to use it. More than six months later, that project was still hanging fire.

For their part, various spokesmen for the profit-seeking school industry criticized the Office of Education for being inconsistent, confusing, uncommunicative or even devious—as when, they assert, loan applications submitted for insurance approval mysteriously "get lost in the computer."

Elsewhere in the government, the Federal Trade Commission has been relatively aggressive in policing the school industry. Two years ago, after extensive hearings, the FTC laid down "industry guides" defining what it considered unfair or deceptive in advertising, recruiting and related school practices. About the same time, it issued proposed complaints against some industry giants—Lear Siegler, Control Data and Electronic Computer Programming Institute.

Last August, the FTC launched a nationwide media campaign to help consumers recognize and escape school abuses. And in hopes of laying out further rules—on refund policies for example—it has continued investigating industry problems.

Still, when it comes to enforcement activity, the FTC's investigations have been necessarily tedious, its proceedings ponderous, and its penalties limited. While its case against Lear Siegler is still pending, for example, the company—for unrelated reasons, officials say—has nearly finished selling off all its schools.

The Veterans Administration, responsible for the multibillion-dollar GI Bill program, is required by statute to delegate most supervisory duties to "state approval agencies"—which vary considerably in staffing, other resources and diligence.

While VA supervises as well as subsidizes these state-level surrogates, and spot-checks schools to some extent itself, there is little evidence that "Approved for Veterans" protects consumers any better than accreditation.

State governments, for their part, have school licensing or approving agencies of their own. They, too, and whatever laws they have to enforce, are a study in contrasts. Some states, like Florida and Texas, aroused by past profit-school scandals, provide relatively effective regulation. Others such as California have laws flawed by loopholes, and still others have practically no regulation at all.

The Education Commission of the States sponsored a task force's development of model state legislation last year. It hoped to encourage a more even and effective level of state-by-state regulation. But Indiana's Joseph A. Clark, who heads the new National Association of State Administrators and Supervisors of Private Schools, said his group would come up with a different and better bill.

REGULATORY CRAZY QUILT

Washington Post interviews with federal, state and accrediting-group officials throughout the existing regulatory crazy quilt repeatedly encountered disagreements, distrust and mutual criticism: Office of Education officials who look down on VA's state aproving agencies, FTC officials who find the Office of Education paperbound and lethargic, state officials who scorn the accrediting groups while resenting FTC incursions on states' rights, accrediting officials who consider the Office of Education inconsistent or indecisive, and the like.

Such discord, among people supposedly sharing to some degree the same broad objectives—good schools, satisfied students and well-spent tax money—dramatize the political obstacles to improving the system.

Improvements, however, are badly needed. While specific remedies are open to debate, the general needs include these:

A far higher priority, among all concerned, for protecting student consumers.

More aggressive, methodical monitoring of school marketing practices, financial stability and other matters in which consumers have a stake.

More timely and effective enforcement of government regulations and accrediting standards—and in the case of the accrediting commissions, open rather than secret proceedings.

For correspondence schools, a requirement that GI Bill benefits be spent on educational essentials rather than extravagant color television sets and other window-dressing.

And for the insured loan program, relief from debts when student borrowers have been defrauded or short-changed.

COUNTERFORCE STRATEGY

Mr. MUSKIE. Mr. President, for most of the postwar period, the declared strategic doctrine of the United States has been deterrence—a policy that seeks to persuade a potential aggressor not to initiate nuclear war by confronting with the certainty of unacceptable destruction in return. In recent months, Secretary Schlesinger has played a leading role in stimulating a national debate on the question of whether the United States can improve the character of its deterrent forces by improving and stressing what have heretofore been deemphasized as the secondary characteristics of our nuclear arsenal. He has proposed, among other things, changes in the structure of our forces, further improvements in their accuracy and destructive capacity, and shifts in our declaratory policy.

Earlier this month, when the Senate was considering the McIntyre-Brooke amendment to the military procurement authorizations bill, the general thrust of the administration's proposed changes in our strategic thinking was discussed on the floor. An excellent article in the July issue of Foreign Affairs, entitled "The New Nuclear Debate: Sense or Nonsense," written by Ted Greenwood and Michael Nacht, makes a valuable contribution to the ongoing debate over the proposed changes in our strategic doctrine. I commend this article to the attention of my colleagues 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:

THE NEW NUCLEAR DEBATE: SENSE OR NONSENSE?

(By Ted Greenwood and Michael Nacht)

I

There is a widespread and deep-seated dissatisfaction today with many of the fundamental premises underlying American strategic weapons policy. The dissatisfaction stems in part from disappointment with the terms of the arms control agreements concluded between the United States and the Soviet Union at the Moscow summit meeting in May, 1972. The treaty on the Limitation of Anti-Ballistic Missile Systems is sometimes claimed to provide little more than a codification of the immoral relationship in which the population of each superpower is left hostage to the strategic nuclear forces of the other. The Interim Agreement on Strategic Offensive Weapons is faulted for conceding numerical superiority to the Soviet Union.

The inability of political accords to keep pace with technological innovation is being cited as dooming strategic arms control agreements to obsolescence almost before the ink dries. In part, too, the dissatisfaction stems from the vigor of Soviet strategic weapons programs and from apparent Soviet intransigence at the second round of the strategic arms limitation talks (SALT II). Other aspects of Soviet policy—their stance during and subsequent to the 1973 war in the Middle East and their continued rigidity in dealing with the question of human rights within their own society—while perhaps logically decoupled from strategic issues, nevertheless reinforce a general skepticism of Russian intentions.

This dissatisfaction has provided the context for a new debate over the size and structure of the nation's nuclear forces. Origins of this debate may be traced to statements about the need for increased nuclear flexibility 1970. Last year's articles in *Foreign Affairs* by Dr. Fred Ikle, now Director of the United States Arms Control and Disarmament Agency, and Dr. Wolfgang Panofsky, Director of the Standford Linear Accelerator Center, provided additional stimulus. Dr. Ikle questioned the desirability of continuing to rely on a policy of deterrence to prevent nuclear war and expressed the hope that alternatives be found to strategic doctrine and weaponry that, in the event of an attack, require a massive, instantaneous retaliatory strike against the enemy's civilian population. Dr. Panofsky responded that Dr. Ikle was greatly overstating the rigidity of both the doctrine and the weaponry, that an instantaneous, massive retaliatory attack was far from our only available option, but that, in any event, the call for alternatives to deterrence was futile in the face of the inability of either technology or strategy to alter the mutual hostage relationship between the United States and the Soviet Union.

The debate claimed increased public attention following two press conferences last January by Secretary of Defense James R. Schlesinger and the subsequent release of his *Annual Defense Department Report FY 1975*. Secretary Schlesinger called for increased targeting flexibility, more accurate missiles and larger warheads as well as continuing or initiating the development of several new offensive weapon systems. These include larger intercontinental ballistic missiles (ICBMs) to be launched from Minuteman silos, a mobile ICBM, the Trident missile and submarine programs, a smaller missile-launching submarine, air- and sea-launched

strategic cruise missiles, and the B-1 strategic bomber.

The Secretary of Defense is clearly concerned with the recent Soviet deployment of a new, long-range submarine-launched ballistic missile and their extensive testing of four improved-accuracy ICBMs, three of which have been tested with multiple independently-targetable reentry vehicles (MIRVs). He anticipates that the Soviet Union will eventually be able to deploy many thousands of large and accurate MIRVs that would threaten the American bombers and fixed land-based missiles. This capability would also provide the Soviets with an edge in the number of deliverable warheads to add to their previously acquired advantages in missile launchers and total megatonnage. He finds it unacceptable for the Soviet Union to be able to threaten major components of American strategic forces without the United States "being able to pose a comparable threat." While he does not require complete symmetry between the two forces, he does insist that all asymmetries should not favor the Soviet Union. "Essential equivalence" is his stated objective.

Unfortunately, much of the discussion responding to the Administration's position has failed to clarify the primary issues at stake. Terminology has been inconsistently and erroneously employed; concepts have remained ambiguous; and partisan views have tended to dominate analytical discussion. It is appropriate therefore to reexamine the elements of this new nuclear debate in a manner that will clearly identify the choices that actually confront us. We shall do this in four steps. First, we shall identify the central concepts relevant to the debate. Second, we shall set out the arguments in favor and against the pursuit of strategic nuclear options. Third, we shall evaluate these arguments and present our own position. Fourth, we shall set the debate in a broader context by critically examining the underlying premises of the Administration's current policy.

II

During the period that Robert McNamara was Secretary of Defense, the primary official justifications for the strategic nuclear forces were assured destruction and damage limitation, with the former gradually rising to ascendancy over the latter. In 1966 he stated that the assured destruction criterion required the maintenance of a force necessary "to deter deliberate nuclear attack upon the United States and its allies by maintaining, continuously, a highly reliable ability to inflict an unacceptable degree of damage upon any single aggressor, or combination of aggressors, at any time during the course of a strategic nuclear exchange, even after absorbing a surprise first strike."

Secretary McNamara and his staff distinguished carefully between the assured destruction criterion as a planning device for sizing the force and the doctrine that was to be followed in the event of war. There was no requirement that a massive nuclear response would automatically follow any level of nuclear attack against the United States or its allies. Nevertheless, the increasing emphasis on assured destruction in official statements focused attention on scenarios involving massive destruction of urban populations. Other scenarios were relegated to a secondary position and received less serious consideration.

Use of the strategic forces for other than a massive attack was the subject of intermittent discussion and debate during the McNamara period. During the early 1960's the strategic contingency plans were altered to include other possible responses, and Secretary McNamara briefly advocated a targeting doctrine intended to discourage attacks against cities in the event of nuclear war. But concern for these matters waned throughout the tenure of the Johnson Administration. Only in recent years have they again come under significant scrutiny. Various high-level officials of the Nixon Administration as well as the President himself have publicly expressed the need to provide nuclear options other than the initiation of a massive nuclear attack involving large-scale civilian casualties.

Three scenarios in particular have received widespread attention: a massive Soviet attack directed against American strategic forces; a limited Soviet attack designed to achieve limited political objectives; and the escalation of a conventional or tactical nuclear war in Europe. In each of these cases a response other than a massive nuclear attack against Soviet cities might be desired. In the first instance the United States might wish to retaliate by attacking comparable military targets in a manner that would not encourage the subsequent destruction of population centers. In the second instance a limited response might be called for, including perhaps the destruction of military installations, selected urban areas, dams, power plants or pipelines. In the third instance means might be sought to influence directly the outcome of a European war without encouraging Soviet strikes against American and European cities. The strategic forces could be used, for example, in coordinated attacks against communication installations, transportation facilities, storage depots for nuclear weapons, petroleum supplies and military hardware in Eastern Europe or Soviet medium- and intermediate-range ballistic missiles.

In thinking about nuclear war scenarios, two factors need to be taken into account: the nature of the targets and the magnitude of the attack. Targets may be categorized as countervalue or countermilitary. Countervalue targets include urban-industrial areas (commonly referred to as "countercity" targets) and any non-urban civilian site of economic, political or cultural value. Countermilitary targets include not only strategic nuclear forces (commonly referred to as "counterforce" targets) but also the many thousands of other assets that comprise a nation's war-making capability including troop concentrations, airfields, materiel depots, transportation networks and communications systems. Hardened missile sites and command and control facilities, an important subset of counterforce targets, are referred to as "hard targets."

Any of these target systems could be attacked at various levels of intensity, ranging from very restricted, using a few weapons, to very extensive, employing many thousands of warheads. It is especially useful to distinguish four separate categories of counterforce attacks, reflecting different political-military objectives: limited counterforce, that seeks to destroy only a selected portion of the opponent's strategic forces; substantial counterforce, that permits the destruction of a larger fraction of the opponent's forces but is not intended to reduce significantly his ability to inflict damage; extensive counterforce, that does seek to reduce the opponent's ability to inflict damage; and disarming first strike, that strives to eliminate completely the opponent's retaliatory capability. These categories call for successively increasing hard-target kill capability.

With these distinctions in mind, we can now address the substance of the current debate about nuclear options. Although participants in this debtae have rarely afforded adequate attention to the views of their opponents, the absence of empirical evidence makes a complete and systematic examination of all relevant issues a precondition for reaching a responsible conclusion. It is to such an examination that we now turn.

III

The arguments concerning the increase of Presidential nuclear options can be aggregated into six categories. The first deals primarily with targeting flexibility and concerns the relationship between increasing the likelihood of nuclear war and improving its controllability. The second focuses on the extent to which improving counterforce capability is equivalent to the pursuit of a disarming first strike capability. The third deals with the linkage between counterforce capability and the nuclear arms race. The fourth addresses the feasibility of conducting limited nuclear war. The fifth concerns the effect of nuclear options on the credibility of American security guarantees to its allies. The sixth deals with the question of whether advances in Soviet nuclear flexibility require comparable measures by the United States.

The first argument addresses the advantages of being able to fight a controlled nuclear war and the extent to which having such a capability increases the likelihood of war. Proponents of targeting flexibility contend that since the possibility of nuclear war cannot be denied, the President must not be limited to choosing between surrender to an aggressor and touching off a massive slaughter of civilian populations. They argue that since there is great uncertainty about how a nuclear war might start, responses should be available to deal with a wide range of possibilities. Limiting targeting options to strikes against civilian population is said to be immoral, unwise and unnecessary. If a war begins on a small scale, there should be military responses that not only refrain from inviting escalation but also provide incentives against it. Even if war were to be initiated by a massive counterforce strike resulting in relatively heavy casualties, an appropriate response must be available that would not automatically trigger subsequent attacks against population centers. In short, it is argued that contingency plans are needed to fight a nuclear war at whatever level and in whatever way is required.

It is not suggested that such plans should be implemented as substitutes for the pursuit of political and diplomatic efforts toward preventing, limiting or terminating hostilities. Rather, they are intended to provide credible military responses if diplomacy fails. In fact, it is sometimes argued that if a potential aggressor knows that usable military options exist, he is less likely to initiate a nuclear war or to resist its termination. Targeting flexibility is therefore said to strengthen the American deterrent. Indeed, some would say that it is essential for deterrence to be credible.

On the other side, opponents of targeting flexibility claim that as nuclear war becomes more manageable, it also becomes more likely. Increasing nuclear options is therefore viewed as not only undesirable but dangerous. This increased likelihood of war is said to come about in several ways. The argument is made that as the use of nuclear weapons becomes more thinkable, it also becomes more acceptable; the horrors of such weapons would be obscured or forgotten; and the psychological barriers inhibiting political leaders from employing them would be weakened. A false confidence might be generated that nuclear war can be controlled and limited. In a crisis the very existence of a variety of seemingly clear-cut military contingency plans might suppress the inclination to pursue elusive and uncertain political initiatives that might otherwise defuse the situation. A nuclear strike might therefore be chosen instead of a diplomatic initiative. While such a course may seem very unlikely for rational leaders to adopt, proponents of this view stress that there is no guarantee that rationality will always prevail, particularly during times of crisis.

The second argument is one that dominated the debate about multiple independently targetable re-entry vehicles from 1969 to 1971. It centers on the claim that seeking improved counterforce capability is equiv-

alent to working toward a disarming first-strike capability. It is said that if missile accuracy continues to improve and the number of available warheads continues to grow, the ability to destroy an opponent's fixed land-based missile forces can eventually be achieved.[1] Some view this development, especially when considered in conjunction with substantial effort to improve anti-submarine warfare, as movement toward the achievement of a disarming first-strike capability. Others claim that it will be perceived as such by the Soviets, even if American intentions are otherwise. Advocates of both views frequently suggest that heightened anxiety over the vulnerability of land-based missile forces would increase the likelihood of preemptive nuclear war. Each side might be tempted to fire its missiles before they could be destroyed.

The claim is also made that improvements in counterforce capability might lead to the adoption of a launch-on-warning doctrine. While the land-based missiles are currently felt to be capable of riding out a nuclear attack, in the future they might be launched early if only a small fraction were expected to survive. This would increase the probability that nuclear war might begin by accident or miscalculation. An extreme case of the launch-on-warning doctrine that is sometimes discussed imagines a system that launches the strategic forces automatically, without human intervention, upon receipt of electronic signals from the early-warning satellites or radars, thereby placing the fate of the world at the mercy of fallible sensors, computers and communications systems.

The equating of improved counterforce with disarming first strike has been challenged. The claim is made that the redundancy of the strategic forces precludes even a theoretical ability to destroy all land-based missiles from constituting a disarming first-strike capability. Those who make this argument frequently stress that there is no technology, either currently available or foreseeable, that would significantly reduce the invulnerability of ballistic missile submarines. Even in the event of an all-out attack, sea-based missiles and the portion of the bomber force that could avoid destruction by becoming airborne upon receipt of warning would still be able to inflict overwhelming damage on the attacker. The conclusion is that improving counterforce capability neither moves the United States nor causes the Soviet Union to perceive movement toward the ability to inflict a disarming first strike.

The argument is also made that the difficulty involved in destroying a large fraction of hardened land-based missile forces has now been realized to be much greater than was once thought. This is not just because of the possibility that much of the force may be launched before the attacking warheads arrive, the so-called empty hole problem, but applies even under the assumption that the force rides out the attack. Careful analyses of the dynamics of a heavy attack against missile silos have suggested that the dust, debris or blast waves resulting from early explosions could damage or deflect subsequently-arriving re-entry vehicles.

While there may be techniques by which these "fracticidal" effects can be minimized, they certainly impose severe requirements of timing, coordination, reliability and accuracy on the attacker. To many analysts this suggests that high-confidence destruction of an opponent's land-based missiles would face significant practical impediments. For both these reasons it is claimed that improvements in counterforce capability should not provide an incentive to launch a pre-emptive attack or to adopt a launch-on-warning doctrine.

The third argument suggests that the improvement of counterforce capability would inevitably lead to an expensive and uncontrollable arms race. Given a counterforce doctrine, it is claimed that the military services can readily generate requirements for very large numbers of warheads and highly sophisticated weapons. This is precisely what happened in the early 1960's after Secretary McNamara endorsed a damage-limiting counterforce strategy, and it was undoubtedly an important consideration in the abandonment of counterforce rhetoric. Proponents of this view also foresee that if the United States deploys highly capable counterforce weapons, the Soviet Union will respond by increasing its own arsenal.

In part this response might derive from a rising level of anxiety touched off by American activity. In part, too, American actions might reinforce the position of those in the Soviet government who favor weapons deployments for other reasons. A variant of this argument suggests that the large force requirements generated by a counterforce doctrine are likely to inhibit the negotiation of meaningful limitations or reductions of strategic forces. Not only are some of the weapons systems that might result difficult to control because of verification problems, but diversification of each side's forces would also increase the degree of asymmetry and thereby make strategic arms limitation agreements more difficult to achieve.

Improvements in counterforce capability are defended against this charge in a variety of ways. Some concede that an arms race with the Soviet Union might result from such improvements, but they are willing to accept this eventuality. They argue that the United States is wealthier and technically more advanced than the Soviet Union and can almost certainly stay ahead in such a race. The current problem, as they see it, is for the United States to keep pace with the continuing Soviet advances in strategic weapons. Others suggest that technological momentum or bureaucratic and domestic politics have much more influence on weapons decisions than do actions taken by the other side. Denying the validity of the action-reaction thesis, they maintain that the pursuit of improved counterforce capability has little bearing on the strategic arms race. Still others contend that if only minor improvements are made, limited to flexible targeting and modest counterforce capability, and if an image of restraint is projected, the arms race should not be stimulated.

The fourth argument against increasing either targeting flexibility or counterforce capability claims that nuclear warfare is simply not possible. It is asserted that no nulcear war can be fought cleanly and with few casualties. For one thing, many military targets are in or near population centers. Attacks against them would necessarily kill a large number of people. It is frequently claimed as well that the number of fatalities resulting from even a low-level attack using strategic weapons would be so large that escalation into general and strategic warfare involving urban-industrial targets would be virtually inevitable.

Those in favor of improving nuclear options respond that while it is true that many people would almost certainly be killed in any nuclear attack and that a small war *might* become uncontrollable, there is nothing inevitable about either escalation or large scale destruction of populations. It makes a very great difference whether the number of deaths is measured in thousands, millions, or hundreds of millions. Contingency plans can and should be designed that would discourage escalation. The type of weapons available and the manner in which they are employed are said to influence the number of fatalities and the level to which a strategic exchange would escalate.

Although some proponents of counterforce targeting favor large nuclear weapons for use against hard targets, others would prefer reliance on small clean weapons and precision accuracy in order to minimize the collateral damage resulting from any nuclear exchange. While the proximity of some military targets to cities is readily admitted, it is pointed out that many others are far from population centers. Limited or even substantial countermilitary or counterforce attacks could therefore be made without inflicting enormous numbers of casualties. Furthermore, it is suggested that the Soviet Union might initiate nuclear war by means of a limited attack. In such a case the United States should not be the one to escalate the conflict.

A fifth set of issues relates to the continuing credibility of the American nuclear umbrella. It is argued that the United States must maintain a flexible nuclear war-fighting posture that could be employed in the defense of its allies. Otherwise they might perceive a gradual weakening in the American security guarantee. European countries and Japan might then loosen their economic and political ties to the United States and seek individual accommodation with the Soviet Union—a process referred to as "Finlandization." Some even foresee the emergence of independent German and Japanese nuclear forces as an end result of this process.

The contrary argument holds that although the credibility of American security guarantees does depend on the maintenance of rough nuclear parity between the United States and the Soviet Union, the conduct of diplomacy and economic affairs tends to dominate alliance relationships. The maintenance of tactical nuclear weapons and sizable conventional forces in the local theaters and the linkages these provide to the strategic forces are said to be much more important than particular targeting plans or levels of counterforce capability. The Allies' perceptions are relatively insensitive to the detailed structure of the American strategic forces.

A sixth argument is that the Soviet Union has or will have great targeting flexibility and counterforce capability in its own strategic forces. The Soviets now have sufficient warheads for uses other than assured destruction and their numbers will continue to grow as MIRVs are deployed. Soviet strategic writers have consistently advocated a capability to engage in and to win a strategic nuclear war. With its large missiles, its demonstrated MIRV capability and its development of improved accuracy technology, the Soviet Union could eventually have substantial nuclear flexibility. To some American analysts, this prospect is sufficient justification for the United States to improve its strategic forces. Others argue that if the United States does not have comparable options, the deterrent against limited countervalue and counterforce attacks would be weakened.

Opponents of increasing nuclear options claim that possession by the Soviet Union of a particular capability is insufficient justification for comparable American actions. This is particularly true of improved counterforce capability since it is said to be expensive, of little value and a probable stimulant to the Soviet-American strategic arms competition. These critics argue that the likelihood of nuclear war would be less if one side rather than both possessed broad nuclear options.

Neither the arguments usually presented in favor of nuclear options nor those against seem to us to be fully acceptable. Targeting

[1] Although the ability to destroy hard targets can also be improved by increasing warhead yield, both accuracy improvements and the number of available warheads are substantially more important. In fact, accuracy improvements or MIRVing can enhance the hard-target capability of a missile force despite reductions in warhead yield.

flexibility is said to be either desirable or not; counterforce capability is said to be either essential or dangerous. But structuring the debate in these absolute terms obscures the real issues. In the world of policy-making and force-structuring the important questions are what degree of targeting flexibility is desirable, how much counterforce capability is needed and what costs are acceptable for such programs. A formulation is needed that integrates the advantages of flexibility with those of restraint and which seeks to avoid the major dangers of both. It would not be a policy of absolutes but one of compromise. It would take account of both existing capabilities and aspirations to achieve meaningful arms control.

The most important argument against increasing targeting flexibility is that it would make nuclear war more acceptable and therefore more likely. Whether or not this is impossible to demonstrate. One's conclusions on the issue must ultimately depend on personal judgment. While we would not claim that improving targeting flexibility would have no effect on increasing the likelihood of war, we would argue that the effect is very small and easily overwhelmed by other factors, many of which are totally unrelated.

The history of warfare suggests that decisions to initiate hostilities more frequently than not derive from perceptions and misperceptions of political will. They are rarely triggered by an increase in the real or perceived flexibility of available weaponry. Particularly in the nuclear age, details of military hardware and intricate war plans are unlikely to be crucial in decisions about war and peace between major powers. The uncertainties and risks of escalation would remain so large that the existence of even great flexibility should fail to tempt political leaders into a precipitant use of nuclear weapons.

Equally important is the pervasive psychological inhibition against any use of nuclear weapons. The precedent of almost thirty years of non-use remains a formidable barrier against future use. The primary firebreak is between conventional and nuclear weapons. Although there has been no lack of warfare since 1945 in which nuclear weapons might have been used, the fact is that they have not been used. Improvements in real or perceived flexibility would not obscure the nature of this firebreak and consequently would not significantly increase the likelihood of nuclear war. In fact, by permitting a controlled response if deterrence fails, the credibility of the deterrent would be enhanced and the likelihood of nuclear war might be decreased.

The arguments concerning counterforce capability deal with a different set of issues. If either the United States or the Soviet Union ever developed a disarming first strike capability, the strategic balance would be widely perceived as unstable. Even if it became feasible just to limit damage significantly by means of a pre-emptive counterforce attack, there might be an incentive to initiate a nuclear war in time of crisis. To prevent the other side from achieving either capability, both countries would surely be prepared to increase their spending on strategic forces. As Secretary McNamara once pointed out, the damage limitation problem of one side is the assured destruction problem of the other.

Neither of these capabilities is even remotely feasible, however. As Secretary Schlesinger stated in the *Annual Defense Department Report FY 1975:*

"Neither the United States nor the Soviet Union now has a disarming first strike capability, nor are they in any position to acquire such a capability in the foreseeable future, since each side has large numbers of strategic offensive systems that remain untargetable by the other side."

The same is true of significant damage limitation capability. The bombers, sea- and land-based missiles that would survive even the most devastating attack would be more than sufficient to inflict overwhelming retaliatory destruction on the attacker. This follows inextricably from the inherent difficulties in destroying all three elements of the strategic forces and from the devastating nature of thermonuclear weapons. It does not even depend on the operational uncertainties that an attacker must face or the possibility that the retaliatory force might be launched on warning. There appears to be no improvement in counterforce capability, anti-submarine warfare or anything else that would permit either a disarming first strike or significant damage limitation unless force levels were drastically altered or reduced.

Even if the fixed land-based missiles are in the future perceived to be vulnerable, there would be no incentive to launch them pre-emptively. The certain knowledge that overwhelming destruction could follow such an attack would act as a deterrent despite such perceptions. Moreover, the ability to launch the Minuteman force on warning has long existed and will surely be retained. This option and the uncertainty about whether or not it would be exercised are important aspects of the deterrent. In no way is this meant to suggest that the United States should create the sort of automatic system that critics of a launch-on-warning policy sometimes imagine. The order to launch the force should and undoubtedly will continue to be the President's responsibility. There is a big difference between maintaining an option to launch on warning and installing a doomsday machine.

The logic of the situation, however, may not prevail. Either Soviet or American political leaders may become anxious about the improved counterforce capabilities of the other side. Ideological distortion, bureaucratic arguments and the momentum, emotion and ambiguities of political relationships have in the past propelled decision makers to formulate erroneous linkages between counterforce and first strike. What needs to be stressed, therefore, are the technological and operational impediments to the achievement of a disarming first strike or damage-limiting capability. At the same time, the United States should refrain from deploying systems that could cause anxiety in the Soviet Union and continue both its research and development and its intelligence gathering in order to hedge against unforeseeable advances that might alter this reality.

The situation with respect to limited and substantial counterforce capability without significant damage-limitation objectives is very different. Both capabilities are feasible, particularly in the absence of extensive ballistic missile defense, and in large degree exist for the United States today. The number of available warheads, while still growing, is large enough and the yield/accuracy characteristics of the force are such to permit substantial counterforce targeting. All but hard targets can be readily destroyed in large numbers and even many of these could be eliminated if they were deemed sufficiently important to divert enough warheads from other targets. The only conceivable impediment to limited counterforce, as for any other limited war option, would be a lack of contingency plans. Secretary Schlesinger has indicated that even following an expansion of nuclear options in the early 1960's, contingency plans continued to involve large numbers of weapons. This deficiency is now being corrected by the inclusion of limited responses. Improvements in counterforce capability could of course be made, but only at great expense. Since significant damage limitation is unattainable and since substantial capability exists today, such improvements would enhance military effectiveness only marginally.

That the seeking of an improved counterforce capability might prove to be a stimulant to the arms race is difficult to dispute. Although the action-reaction dynamic is certainly not the only factor influencing Soviet-American competition in strategic weapons, the historical record suggests that one side rarely attains a new capability without the other side's responding. While the argument can be made that the many Soviet strategic weapons developments now in progress demonstrate unilateral initiatives rather than reactions to American strategic programs, the motivation and justification of these developments cannot be known with certainty.

To the extent that American activity might be an influential factor in Soviet weapons decisions, its role could probably be minimized if the United States adopted a policy of restraint in its pursuit of counterforce capability and undertook a concerted effort to project a conciliatory image. Rhetoric, tone and nuance are important in this task. Similarly, the establishment and clear enunciation of limited objectives should aid in the control of domestic constituencies that otherwise could justify a large number of expensive, new weapons programs on the basis of a doctrine of extensive counterforce.

The feasibility of waging a limited nuclear war is in many ways a false issue. The question is not whether a "clean" nuclear attack is feasible and escalation inevitable, but the anticipated number of casualties and the potential for escalation that would accompany a variety of scenarios and the degree to which these would be affected by changes in the force structure. The size and diversity of the American strategic arsenal is so great that, even were it reduced substantially, the President and the national command authorities could still have a wide array of options to respond to any type of Soviet attack. Continued improvement in targeting flexibility, contingency planning, accuracy and command and control systems and the availability of low-yield warheads would permit the selection of targets to minimize either the number of casualties or the risk of escalation or both.

The credibility of American security guarantees to Western Europe and Japan depends primarily on overall political and economic relationships. We would nonetheless agree with those who claim that the strategic nuclear forces play an important role in maintaining this credibility. It is, however, the size of these forces, both in absolute terms and relative to the Soviet Union, the rate at which improvements are made and the degree of American confidence in its deterrent as displayed in domestic debate that provide meaningful indicators. Details concerning the degree of targeting flexibility or counterforce capability built into the forces are not matters of central importance. Improvements in nuclear flexibility cannot be justified, therefore, as a means of strengthening alliance relationships.

One additional issue concerns the nature of Soviet doctrine and its emphasis on nuclear war-waging as a rationale for structuring American strategic forces. It seems probable that the Soviet Union will improve its strategic flexibility to the extent that its skills and resources permit. While American strategic debates may, over the years, have had considerable impact on Soviet strategic thinking, it would be unrealistic to conclude that an inflexible American strategic force would be mirrored by the Soviet Union. The United States should therefore maintain a flexible force both to deter the exercise of Soviet strategic options and to respond appropriately if deterrence fails.

The analysis so far leads us to make four points. First, more attention should be given, both in strategic analysis and in force plan-

ning, to scenarios in which strategic nuclear war breaks out at a low level or in the escalation of a conventional war. Of all the ways that nuclear war might start, a massive attack against either population centers or land-based missiles appears least likely. Exclusive concentration on these scenarios is unwarranted. It is the problems of deterring the low-level attack and preventing escalation that demand greater investigation.

Second, the United States should provide itself with a broad but restrained set of nuclear options. Improvements in contingency planning, retargeting capabilities, and command, control and communications that would increase nuclear flexibility are relatively inexpensive and worth the cost. Particular emphasis should be placed on creating systems that would enhance the maintenance of communications with the sea-based missile forces in the event of war. Such systems should preclude the use of these forces without Presidential approval and maintain submarine invulnerability. Limited and even substantial counterforce capability including some ability to destroy hard targets exist currently and should be retained.

Third, since it is not possible to achieve an extensive counterforce capability predicated on damage-limitation objectives, improvements in this direction are unnecessary and wasteful. Major development programs leading to higher yield MIRVs and larger missiles are very expensive and would provide little in additional military capability. As the Soviet Union continues to build up its invulnerable sea-based forces, the ability to destroy a large fraction of land-based counterforce targets, including hard targets, will progressively decrease in value.

Fourth, missile accuracy beyond current capabilities is, on balance, more detrimental than beneficial. While accuracy improvements could assist in reducing collateral damage if associated with lower yield warheads, they would nevertheless be very expensive and, in all likelihood, would contribute to anxiety about the vulnerability of Soviet fixed, land-based missiles. Given the existing accuracy of American guidance systems, additional capability is not worth the psychological and economic costs.

The strategy of restrained options outlined at the end of the previous section differs substantially from official government policy as enunciated by the Secretary of Defense. Implementation is not contingent upon any new offensive weapons programs other than those needed to replace aging hardware. The emphasis is on contingency planning, targeting flexibility and more effective command and control systems. Unlike the Administration's program, the strategy of restrained options does not require accuracy improvements, higher-yield warheads and larger missiles. This distinction results in part from differing estimations of the relative advantages and disadvantages of accuracy improvements, and in part from the Administration's desire for more counterforce capability than we believe to be militarily useful. More important, however, is the Administration's concern about Soviet offensive weapons programs and the American negotiating posture at SALT.

The objective of essential equivalence is based on the desire to match Soviet counterforce capability, to maintain momentum in American weapons development, and to prevent the Soviet Union from attaining numerical superiority in all "static" measures of strategic forces (namely, numbers of delivery vehicles, numbers of deliverable warheads and total deliverable megatonnage). This strategy can be best understood by considering strategic weapons, and even the apparently conscious decision to generate a public debate about them, as elements in a complex political process in which national images are projected to adversaries, allies and other powers. With respect to the Soviet Union, strategic weapons programs can be said to demonstrate technological pre-eminence, a determination not to relinquish the initiative on the stage of world politics, and continued American resolve in the pursuit of its various foreign policy objectives. These programs are also intended to reduce the likelihood of confrontation and crisis by dissuading Soviet leaders from believing that their superiority in nuclear weaponry, as measured by static indicators, is exploitable diplomatically or militarily.

With respect to the allies, the continuation of strategic weapons programs and the prevention of major asymmetries in favor of the Soviet Union are expected to maintain the credibility of American security guarantees. Preventing a significant disparity in counterforce capability may be of particular relevance to the traditional NATO concerns about Soviet medium- and intermediate-range ballistic missiles that are targeted against Western Europe. And, with respect to the rest of the world, American strategic forces help to project an image of overwhelming power and technological sophistication. Involvement of the United States in conflicts all over the globe, particularly those in which the Soviet Union also has interests, is increasingly legitimized on the grounds that, without American restraining influence at an early stage, military escalation might lead to Soviet-American confrontation and the threat of nuclear war.

Although the United States now seems to be willing to abandon its former objective of nuclear superiority, its political leaders show no willingness to appear less than coequal with the Soviet Union. Being or appearing to be number two is evidently unacceptable.

An additional underlying premise of the Administration's strategic weapons policy is the need to gain leverage for use at SALT. There is a broad consensus within the government that the American threat to deploy the Safeguard missile defense system was largely responsible for the ultimate Soviet acceptance of an offensive weapons agreement at SALT I. A similar bargaining strategy is thought to be the most likely means of achieving a favorable outcome at SALT II. The Administration's new weapons programs are intended to lend credibility to the threat that if the Soviet Union insists on increasing the levels of its forces, greatly improving its counterforce capability or even maintaining its numerical advantages, the United States is prepared to match them. The officially expressed hope is that Soviet leaders will be persuaded that major investments in offensive weapons are futile and will agree to a policy of mutual restraint codified at SALT.

There are several dangers inherent in the Administration's approach to these problems. By publicly endorsing the need for improved counterforce capability and by initiating the development of several new strategic programs, Secretary Schlesinger is unleashing forces that will be difficult to control. The Secretary of Defense appears to believe that any of the weapons programs can be terminated if a satisfactory arms control agreement is reached with the Soviet Union. But as these programs advance, powerful domestic and bureaucratic constituencies will coalesce behind them. Not only will cancellation become very difficult, especially once they have entered the engineering development stage, but their very existence will alter the formulation of the American bargaining position at SALT. The emphasis on developing "bargaining chips", therefore, may very well result in the deployment of weapons systems that could otherwise have been avoided. Moreover, by linking American weapons development directly to Soviet behavior, the Administration is needlessly constraining future policy choices while simultaneously running the risk of building Soviet overconfidence in their ability to control American procurement decisions.

The Administration's reliance on bargaining chips as the best means of encouraging Soviet agreement at SALT can be viewed with significant skepticism as well. It is by no means clear that the threat of Safeguard deployment was essential to the success of SALT I. Different explanations are possible and plausible. The Soviet leadership may have believed that accommodation at SALT was a prerequisite for access to American technology, economic support and other advantages of detente. Moreover, the constraints on offensive weapons agreed upon at SALT I may have fallen within a pre-established range set by the Soviet leadership in their strategic force planning. One cannot know with certainty, therefore, whether the ultimate success of SALT I was predicated on the use of bargaining chips. Given the fragility of detente and the need to include different weapons, confidence in the success of this tactic for SALT II is unwarranted.

The Administration has also failed to come to grips with the long-term relationship between its weapons decisions and ultimate arms control objectives. Is the preferred outcome of SALT merely to achieve essential equivalence, is it to freeze forces at or near current levels, or is it to bring about small or even deep cuts in the strategic forces of both sides? Are SALT agreements merely intended to be a symbol of the era of detente or are they expected to contribute meaningfully to an ongoing process of improved relations? Are the benefits to be primarily political or are they also to include future financial savings? There is no public evidence that these issues have been faced inside the government or that the announced weapons programs are part of an overall long-term strategy. Whether intended or not, the Administration's approach might inhibit rather than encourage Soviet accommodation at SALT. At best it is likely to produce a patchwork agreement to stabilize forces at current or higher levels.

What alternatives are available to present policy? The answer depends on one's opinion of the bargaining chip approach, one's views of the importance of strategic forces in projecting national images, and one's preferred outcome for SALT. Based on a deep skepticism of the utility of the bargaining chip approach and with the goal of ultimately arriving at lower force levels consistent with the strategy of restrained options, two courses of action seem possible.

First, if one rejects the assertion that strategic forces play a significant role in image projection and is unconvinced of the importance of Soviet strategic superiority as measured by static criteria, one should be willing to size and structure American strategic forces almost independently of Soviet force posture. So long as Soviet activities do not jeopardize the American ability to exercise a strategy of restrained options, the United States need not respond to Soviet deployments. Such a policy could be adopted unilaterally and need not be tied to agreement at SALT.

If one agrees, however, as we do, that national images are important, that the strategic nuclear forces play a significant role in the projection of these images, and that there is some risk of Soviet attempts to exploit a situation of perceived strategic superiority, then this decoupling of American force structure from Soviet actions should be rejected. Nonetheless, we are of the opinion that since the significance of particular force postures depends on a complex web of relationships, changes in the perceptions of the strategic balance occur slowly, over a long time frame. Without risking long-term goals, therefore, the United States could undertake short-term unilateral initiatives in the hope that the Soviet Union would reciprocate. Consideration could be given, for instance, to the suspension of selected weapons programs, to the limitation of the num-

ber of full-range missile tests or to the reduction of the land-based ICBM force, each be to persuade the Soviet leadership through for a specified period of time. The goal would positive incentives to join in a reordering of political priorities and perceptions that would permit gradual and continuing strategic arms reductions. In our view this approach deserves serious attention.

Nearly five years ago in these pages McGeorge Bundy stated, ". . . beyond a point long since passed the escalation of the strategic nuclear race makes no sense for either the Soviet Union or the United States." While it may be hoped that this realization will one day be reflected in the actions of both powers, it is no longer unreasonable to seek American self-restraint as a means to that end.

SPEAKING UP FOR SMALL MUNICIPALITIES

Mr. BEALL. Mr. President, I believe that the affairs of our people should be handled whenever possible by the governmental units closest to the citizens. Decisionmaking on the local level provides the individual with his greatest representation, and allows his voice to be heard. Unfortunately, in recent years, many Government programs are being administered at higher and higher levels of Government. Thus, it is indeed refreshing to me to read of a small municipality that meets problems head-on, and solves them in a way that would often be impossible to deal with at the State or Federal level.

Such a small municipality is Poolesville, Md., a nearly 200-year-old community in the far northwest corner of Montgomery County, Md., some 35 miles from Washington. Poolesville has a population of about 1,200 people, which insures that its residents can indeed have a loud voice on local issues.

The May–June 1974 issue of Municipal Maryland carries an intersting and valuable article by the Honorable E. E. Halmos, mayor of Poolesville, entitled "Speaking Up for Small Municipalities." Mayor Halmos points out very effectively the value of small municipalities, and I ask unanimous consent that the article be printed in the RECORD, for the benefit of my colleagues.

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

SPEAKING UP FOR SMALL MUNICIPALITIES

Most of this talk about "efficiency" making the small municipal government obsolete—particularly in large metropolitan areas—is real nonsense.

It is nonsense because it ignores the basic point of responsiveness of government to its citizens.

If you live in a small, incorporated municipality within such a metro area, you may have to put up with some duplication (usually very small) in taxes, some local inefficiencies. But: You know exactly where to go to get answers or make complaints, you know the people involved, and you can get results.

More than that: In any face-off with the larger area government, such as a metropolitan county, the resident of an incorporated municipality has a much bigger voice—through his local government—than any other citizen of the area.

In Maryland, the older municipalities are full equals under the state constitution with the counties in which they find themselves. Thus their governments are entitled to a full and respectful hearing in any county or state forum—regardless of the number of votes they may represent.

In an area where individual citizens of metropolitan areas disappear into faceless numbers on computers, this consideration is probably the most important one in considering the reason for being—and the continued existence—of small municipal governments.

One example of what a local government can do—sometimes, anyway—came during the late-February gasoline crisis in the area, when Poolesville's two regular gasoline stations ran completely dry at mid-month.

Town commissioners considered this an emergency—in view of the fact that the nearest sizable community (Gaithersburg) is some 15 miles away; that nearly 100 per cent of the town's working population must commute at least 10 miles, each way, each day; that there is virtually no available public transportation; that the town doesn't even have a doctor in residence.

A special meeting was held, an emergency was declared, and—with the help of a special state energy office—the town government itself bought 20,000 gallons of gasoline. This was parcelled out to the two stations under strict rules: (1) the stations were to be open only two hours each day—one 7–9 a.m., the other 4:30–6:30 p.m. (2) they were to be open only five days a week; (3) a maximum of $4.00 worth could be sold to any one customer (a reasonable amount—roughly eight gallons—considering the distances to be covered).

Using a little arithmetic, the commissioners figured there would now be gasoline for two weeks, until March allowances arrived.

It worked out exactly: the last drop was sold on the evening before the allocations came in. Meanwhile, the action eliminated most of the panic that gripped most of the east—lines were never more than two blocks in length, most often less. Reason: Local residents knew that gasoline would be available for a total of four hours each day—if you missed enroute to work in the morning, you could get your share when you returned to town in the evening.

There are some other advantages, too: After our first snowstorm of the winter, citizens could move about in Poolesville easily within hours—far better than those unfortunates who live "in the county" (even in heavily and better-known areas such as Bethesda and Chevy Chase). When a contractor blew a hole in one of our water mains, a local crew had it repaired and full service restored in less than an hour. When neighbors got disturbed because a resident was apparently running an auto-painting shop in his garage, they got an investigation and action (in court) within days. When one of the state roads leading into the town developed a major traffic hazard (a narrow bridge with curves at both ends) the town took up the cudgels—and got guardrails and proper warning markers erected. When the local high school wanted to field a football team—despite a countrywide school board dictum that the school was too small—the town took a hand, and a football team was in fact fielded.

And when a local taxpayer doesn't understand his tax bill, needs advice on dealing with other agencies, wants some work done on a road or to improve local police protection (though the town doesn't have its own force)—he knows exactly where to go and who to see.

That is not inefficiency.

That's what government is all about.

Montgomery County, Maryland, the incorporated town of Poolesville at its far northwestern corner, and the 13 other incorporated municipalities contained within it, is probably as good an example as any in the nation.

The county has a very large land area—some 480 square miles—and a population now exceeding 550,000. It is a metropolitan county, in the sense that it borders a major city (Washington, D.C.), provides many near-municipal services, such as police, highway maintenance, (through the bi-county Washington Suburban Sanitary Commission) water and sewer services, and a countywide school system.

It contains two cities—Gaithersburg and Rockville, and incorporated towns ranging in size from Barnesville (population about 200) to Chevy Chase and others with populations of several thousand. In fact, one fifth of all county citizens, about 120,000 people, live within the incorporated areas.

But perhaps 75 per cent of the total population live in the area from Rockville (about at mid-point in the county) southward to the Washington city line—in such sprawling unincorporated areas as Bethesda and Silver Spring.

The county's government consists of a county executive, elected independently, and a seven-member county council with the elected school board added on.

Under the "one man, one vote" dictums of the courts in recent years, county election districts are tortuously constructed in order to find the requisite number of bodies, as nearly evenly divided by seven as possible.

The result is obvious: The huge, sparsely-populated upper section of the county has no representation at all at any level of county or even state government. Not a single member of the county council, the delegation to the state legislature, or even the school board comes from the "Upper County."

Any individual citizen, or any delegation from the "Upper County", attempting to deal with the county government, must face the question (whether it be spoken or not) of how many votes he represents. The fact is if any such group could claim to represent *all* the Upper County votes, the total wouldn't be enough to influence the election of any county official.

(It should be added hastily that this is not to accuse county officials of not caring about the Upper County. But, inevitably in an elected system, they must pay most attention to where the greatest noise—and the greatest number of votes—comes from.)

But the incorporated towns, acting as legal equals, can and are being heard, on behalf of their own citizens, and even "county" citizens in surrounding areas—without regard to their size. And they are getting results, as witnessed by recent establishment of official consultative committees between the towns and the county executive and county council, to provide a forum for discussion and agreement on matters of mutual concern. [See NATION'S CITIES, Oct. 1973, Page 40.]

And there's more: The towns can do things for their own citizens with a knowledge and an understanding that no computer bank could provide. The Town of Poolesville—then with a population of less than 300 and some 18 miles away from the County seat at Rockville, needed sanitary facilities very badly, back in 1963. So badly, in fact, that state health authorities were seriously threatening to prohibit further land sales and future occupancy of existing homes and buildings, because well-septic-field interaction was so severe.

Too far, geographically, to count on any help from the mammoth Sanitary Commission, the town undertook to build its own sewer system, completing it in 1965 and operating it successfully ever since. This brought some growth—and with it need for a water system, which the town has now been operating on its own for more than three years.

Well outside the interest of the big down-county planning agencies, the town under-

took its own planning—successfully. It has quadrupled its population in less than four years—and did it in accordance with its own master plan, zoning, building, and other ordinances, adopted after a lot of "education" for its five unpaid "Commissioners," and sound advice from a consulting engineering firm in the area. Using its planning powers, the town has projected its own growth for the next decade, is providing parks and playgrounds, shopping areas, a system of streets to provide true traffic circulation, and making its own decisions—in accordance with the desires of its own citizens—for a future community that will be worth calling home.

Among other things, the town hit on the idea of "density zoning" nearly six years ago, in advance of other agencies now adopting that idea. The zoning ordinance, for example, provides that housing density may not exceed three units per contiguous acre regardless of the type of housing. To put it simply: a 100-acre tract (and there are many such large, undeveloped pieces within the corporate limits) may be developed to no more than 300 housing units. If a developer wants to build nothing but townhouses (and assuming he gets permission to do so from town authorities), he'll wind up with a lot of land that must be kept open, and may not be built on at all.

Planning and zoning controls, by the way, are probably the most important functions of such small incorporated communities. Admittedly, they aren't done by vast staffs of technical people, backed by armies of computers and theories. But they are done by people who have a thorough knowledge of the local situation and local desires. They also realize that they are dealing with real people, not numbers and lines on pieces of paper.

It isn't easy to maintain such services on a local scale. In Poolesville (as in most smaller municipalities of its type) the work is done almost entirely on a volunteer basis. Only the full-time sewer-water maintenance superintendent, and the part-time town clerk and a secretary receive any pay at all for their services. But as long as interest can be maintained—as it is—in the public service aspect of such work, the small municipalities can and will continue as vital parts of the American system of government.

It comes back to one principal point:

In Poolesville, an individual voter is one voice among about 1,000. In Rockville (a city, as noted) he is one voice in about 47,000. But in Montgomery County, he is only one voice among 550,000.

STAY AND SEE AMERICA IN GEORGIA

Mr. TALMADGE. Mr. President, the State of Georgia as one of the Original Thirteen Colonies has a heritage that is rich in history and patriotism. As our Nation moves toward its 200th anniversary, the State of Georgia of course expects to take an active and leading role in the American Bicentennial celebration.

I have been advised of a comprehensive Bicentennial program, sponsored by the Georgia Chamber of Commerce, and I am very favorably impressed by its scope and direction. It is called, "Stay and See America in Georgia," and in addition to being designed to celebrate the Nation's founding, it is also directed to promoting the American way of life which has made ours a free and prosperous nation.

I commend the Georgia Chamber of Commerce and its leadership in the bicentennial celebration, and I bring to the attention of the Senate, an outing of the "Stay and See America in Georgia" program.

I ask unanimous consent that this material be printed in the RECORD as an extension of my remarks.

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

STAY AND SEE AMERICA IN GEORGIA

Georgia is going to have the finest and largest American Bicentennial Celebration in the nation. The program is called Stay & See America in Georgia and is sponsored by the Georgia Chamber of Commerce, an active, innovative and highly progressive organization.

The Georgia Chamber has been making preparation for this major event since 1962 when the Chamber launched its original grass roots, do-it-yourself, bootstrap, volunteer program for Georgia communities called Stay & See Georgia. Stay & See Georgia was a master plan for the development and promotion of a new industry, Tourism.

During the eleven years of Stay & See Georgia 400 Georgia communities were touched and stimulated to organize committees and launch projects which resulted in better places to live, work and visit. The dollar value of Tourism trippled and community pride and community spirit skyrocketed. Top business executives were organized in each Congressional District and served as volunteer leaders. Tourist industry related firms sponsored events and over 100 out-of-state travel writers visited Georgia's attractions.

Stay & See America in Georgia is a stupendous American Bicentennial Program designed to celebrate our country's birthday, applaud 200 successful years of the private enterprise system and kindle a rebirth of the American Spirit. The program is an expansion of the basic eleven year old Stay & See Georgia Program.

The Georgia Chamber believes that in order to accomplish the purposes of its Stay & See America in Georgia program there must be mass participation and therefore the reason for its diversified seven divisions: American Way, Celebration, Vision, Business-Advertising, Education, Music, Speakers-Program Bureau.

The American Way Division is overall community development and promotion geared to making America a better place to live and visit and dedicated to the United States of America and the perpetuation of the "American Way Of Life" private enterprise system. The category includes publicity plus five areas of activity: Clean-up and Beautification, development and promotion of community's (Bicentennial) Points of Interest, development and promotion of "first class" Accommodations and Facilities, Courtesy and Hospitality and New Attractions for the Bicentennial visitor. Small communities which do not have a Bicentennial historical attraction can participate and give their country a clean hometown for its 200th birthday.

The Celebration Division is for those communities or groups wishing to encourage, promote, recognize and honor arts, educational and cultural happenings, fairs, festivals, pageants, dramas, parades, athletic and special events, etc. featuring the red, white and blue color scheme and the American Way Of Life private enterprise theme, and dedicated to the Bicentennial of the United States. Stay & See America in Georgia events will be promoted in a special printed calendar beginning January, 1975.

The Vision Category is for (1) those wishing to build and develop permanent new attractions dedicated to the Bicentennial . . . such as parks, schools, libraries, plazas, fountains, statues, flag poles, galleries, zoos, etc.; (2) those wishing to channel their energies toward solving a community problem, such as crime, drugs, pollution, failure to vote, mass transit and economic illiteracy; and (3) for those wishing to initiate serious study and establish new goals for the long range betterment of their hometowns.

The Business-Advertising Division is for businesses who wish to tie-in and convert their advertising programs into American Bicentennial themes.

The Education Division plans to produce the opening American Bicentennial Event in Georgia in early January, 1975 and tie-in with the Georgia Chamber of Commerce's Freedom Foundation award-winning Star Student and Star Teacher program and the American Way of Life cruises at Callaway Gardens. This division will also feature private enterprise seminars for college students at the State's economic centers, produce and promote the sale of the "Declaration of Independence" and "American Way of Life" Coloring Book and the Student's Photobook of Georgia featuring a section on Bicentennial attractions.

Stay & See America's Music Division plans to research and list appealing patriotic music and to print a song book with the best selections found. There will be a contest, with cash awards, for the best new music written for the celebration.

The Speakers and Program Bureau will select and list speakers on American History, private enterprise and patriotism for clubs and organizations to draw from during the celebration.

In addition to stimulating statewide participation in the seven divisions, the Georgia Chamber of Commerce will produce an original, creative and unique project in each division of national and international significance.

Stay & See America in Georgia as designed by the Georgia Chamber of Commerce will provide for mass participation and expanded involvement by Georgians in the nation's birthday. It is planned to include both sexes, all ages, all creeds and all colors.

The program will generate an appreciation of 200 splendid and highly productive years of private enterprise; dramatize patriotism through countless festive activities; clean-up and beautify Georgia; provide information on Bicentennial points of interest; promote visitor accommodations and facilities; stimulate courtesy and hospitality; create new attractions; solve community problems; educate adults and college students on the strengths of the American economic system; stimulate community betterment research, encourage community goal setting, activate community and patriotic spirit; make America in Georgia attractive, inviting and lively; and Stay & See America in Georgia will give Georgia and Georgians the nation's finest and most effective American Bicentennial Celebration.

DETERRENCE VERSUS DÉTENTE

Mr. THURMOND. Mr. President, in the June 20 issue of the Aiken Standard newspaper in Aiken, S.C., the noted columnist, Holmes Alexander, presented an outstanding article entitled, "The Story of Deterrence Versus Détente."

The title of this article is interesting enough to attract readers, so it is my hope Members of the Congress and other national leaders will study the succinct yet sound position presented by Mr. Alexander.

Mr. President, I ask unanimous consent to have this article printed in the RECORD at the conclusion of my remarks.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

THE STORY OF DETERRENCE VERSUS DETENTE

(By Holmes Alexander)

In the vast armed camp of West Europe, there is a story of deterrence vs detente.

More than 25 years old, the Atlantic Alliance has lived with the sole purpose of preventing a war, and you soon learn that some of the big difficulties are made by friendly forces which are promoting peace.

You learn this from sources close to united military command of the 15 NATO members. Not peace, but peace-making, they say, is breaking out all over. It saps the credibility of the war training, the war games and the general preparedness which are the elements of deterring an enemy attack. Detente mocks the drill sergeant, and sings a lullaby to the budgeteering parliaments.

In Geneva sits a conference on Security and Cooperation in Europe (CSCE) which is a standing invitation for the Warsaw Pact enemy "to join in this search for progress toward peace." In Vienna sits a conference on Mutual and Balanced Force Reductions (MBFR), a Nixon initiative, which in 1970 invited the Warsaw Pact nations to discuss reciprocal disarmament "with special reference to the central region" of Europe. By 1973, with the President thoroughly warmed up as a peacemaker, the USSR and its allies agreed to talk about thinning out the confronting forces.

In Geneva sits the treaty-making body on Strategic Arms Limitations (SALT). In Moscow, in Washington, and again in Moscow, the heads of the superpowers meet to talk peace, and there are continuing visits by the heads of smaller states. The journeys of Dr. Kissinger have resulted in troop withdrawals and cease-fire agreements on fighting fronts. Put it all together, and it adds up to multiple problems for the Generals, Air Marshals and Admirals who must provide visible proof to the enemy that NATO is in fighting fettle.

Deterrence has other difficulties in these days of detente. The so-called Anglos (America, Britain and Canada) have all gone to Volunteer Forces, and the Europeans still rely on conscription.

Higher pay and softer living by the volunteers have brought disaffection among the conscriptees. The American "drug culture" is indeed in the military population, though under better control than it was during the Vietnam War period. The availability of France as a fighting participation depends entirely upon action by whatever government is in power. The Belgians, the Dutch, the Danes and the Norwegians are stuck with obsolete warplanes, and this has engendered a sales competition between French and American firms to supply new aircraft.

The story of deterrence vs detente has a strong chapter on challenge and response. In the 1950s and 60s, it was a fair complaint that the European allies were sponging on the United States and welching on their fair share of the costs. In the McNamara era under the Kennedy-Johnson administrations, there was also the regretted decision to settle for "parity" in nuclear arms and to change the strategy of massive retaliation to one of flexible response.

Distracted by hysteria over the Vietnam War and the Nixon misfortunes, the American public hardly noticed how these two problems were met. Under Defense Secretary Melvin Laird, the program called AD 70 (Alliance Defense in the '70s) contained an agreement for the 10 European members to increase their payments by $1-billion over a five-year period. This brought about a physical strengthening of defenses, such as hardened shelters for grounded aircraft. The two Mid East wars in '67 and '73 gave NATO authorities a well-turned opportunity to study Soviet tactics and weapons.

There is no blinking the enormous price of NATO preparedness. It must be paid out in the manufacture of sophisticated armament, in its maintenance and in the expensive training of personnel to operate its computerized components. Meanwhile, the enemy is moving rapidly to add technical efficiency to the advantage in manpower, but this was offset during the period of the Tory ministry in Britain. In those years there was marked improvement in the British army of the Rhine which the Labor government in London has not yet dismantled.

Contrary to forebodings by the American liberals, the Nixon scandals have had little impact on the Atlantic Alliance. Europeans remain as ignorant as ever about politics and government in the United States.

It is incomprehensible that the Executive and the Legislative branches can be in partisan opposition and still function. There is no equivalent here to the U.S. Supreme Court. European intellectuals feel that the American decline began long before President Nixon came to power. They see it beginning with the assassinations in 1963 and '68 and in the American inability to win a decisive victory in Korea and Vietnam. "It's bigger than Nixon," is the gloomy opinion of the heavy thinkers, and does not preclude a feeling that Mr. Nixon may yet turn the decline around by his stubbornness.

NATO has succeeded greatly in two overlooked areas. It has made Europe safe for American business of which the middle class here stands in solemn awe. And NATO has defused several local wars, such as the one threatening between Greece and Turkey, which formerly detonated the big wars.

Deterrence and detente do not work smoothly, but they must succeed together, or not at all.

ECONOMISTS DO NOT KNOW WHETHER THEY ARE ON FOOT OR HORSEBACK

Mr. PROXMIRE. Mr. President, it is increasingly obvious to anyone concerned with public policy that there are no easy answers to the problems of our economy. Perhaps we have been overly optimistic in the past in assuming that traditional remedies would work in the economies of the present time. It is noteworthy that economists are doing more and more soul-searching about the impasses which confront their craft and the need for new insights and considerable rethinking. In any case, the textbooks that we have all read are not doing us much good these days.

It is most interesting to read a review by Geoffrey Barraclough of nine recently published books by economists on this subject. All of them are either pessimistic about the outlook or are highly critical of the current policy mix. There is a general theme running through all of them to the effect that we need a great deal more information and a great deal more analysis. I commend this able review to my colleagues and ask unanimous consent to have it printed in the RECORD.

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

THE END OF AN ERA

(By Geoffrey Barraclough)

The New Economics: One Decade Older by James Tobin. Princeton University Press, 105 pp., $6.50.

The Unstable Economy: Booms and Recessions in the US Since 1945 by Victor Perlo. International Publishers, 238 pp., $10.00; $4.25 (paper).

Death of the Dollar by William F. Rickenbacker, Delta, 189 pp., $1.95.

The World in Depression, 1929–1939 by Charles P. Kindleberger. University of California, 336 pp., $10.00; $3.45 (paper).

The Kondratieff Wave by James B. Shuman and David Rosenau. Delta, 198 pp., $3.45 (paper).

The Great Wheel: The World Monetary System by Sidney E. Rolfe and James L. Burtle, Quadrangle, 279 pp., $9.95.

The Management of Interdependence: A Preliminary View by Miriam Camps. No. 4 in the Council Papers on International Affairs, Council on Foreign Relations, 104 pp., $2.50 (paper).

The Retreat of American Power by Henry Brandon, Doubleday, 368 pp., $8.95; Delta, $2.95 (paper).

An Inquiry Into the Human Prospect by Robert L. Heilbroner. Norton, 150 pp., $5.95; $1.95 (paper).

I

"The most significant political figure in Nixon's Washington," economist Eliot Janeway once observed, is "Hoover's ghost." Not, as journalists like Henry Brandon would have us believe, Metternich's ghost, strutting about in the guise of "the President's first minister, Dr. Kissinger." Like Metternich, Brandon candidly reports, Kissinger is "bored" by economics. It is a cardinal flaw in a world in which, unlike Metternich's, economics and politics are inseparable, and it is only necessary to recall the fate of Kissinger's much trumpeted Grand Design, produced with such fanfare in April, 1973, to see its consequences. "Pure baloney," commented Joseph Kraft when the Kissinger plan appeared, and he was not wrong.

Janeway's observation is salutary because it directs attention away from the short term, where politics appears to dominate, to the long-term factors in the current world situation, from the fleeting events of newspaper headlines—"flowers of a single day, fading so quickly that no one can grasp them twice—to what Fernand Braudel, in a famous essay, called *la longue durée*; in other words, to the recurrent rhythms and cycles, particularly the economic cycles, by which the actions even of those whom history acclaims as among the greatest manipulators of events—Bismarck, for example—prove, on close examination, to be almost entirely conditioned. More specifically, in invoking "Hoover's ghost," Janeway (sponsor, incidentally, of the lectures on which James Tobin's new book is based) directed us back to the 1930s, the great watershed in twentieth century history. If, as Brandon predicts, the 1970s, will go down in history as the second great watershed, the experience of the 1930s is certainly not irrelevant.

Janeway was not the first, and certainly will not be the last, to draw parallels between the 1970s and the 1930s. Already in 1959 that "dangerous radical" (the phrase is Tobin's), Professor Triffin of Yale, issued a prophetic warning, only too dramatically confirmed in 1971, of a repetition of the 1931 debacle. In 1965 came William McChesney Martin's famous "outburst" (the phrase, again, is Tobin's) on the "lessons of 1929." Since then the chorus has swollen without cease—and this on the part of responsible, conservative writers, bankers, economists, leaders of international finance, not the professional purveyors of Toynbeean gloom.

Consider, for example, the Institute of Applied Economics in Melbourne in 1971: the crisis facing Australia, it warned, was potentially as great as the Depression of the Thirties; "here, as in North America and Britain, the future of the economy and the society we have been building over the last quarter of a century is at stake." Or Alan Day of the London School of Economics:

"the worst crisis since 1931." Or Professor Harry Johnson, an oracle at the University of Chicago as well as in London: "the textbook gives no answer," or (as Alan Day puts it), "We have to rethink the whole nature of our economic and monetary system, involving a revolution as profound as the Keynesian revolution of the 1930s." Or, finally, the statement of a senior Treasury official in England, backed by the authority of Lord Robbins and Lord Roberthall: iw the position were allowed to slide—and yet no one knew the way out—"parliamentary democracy would ultimately be replaced by a dictatorship."

Shades of Hitler, with Haldeman and Ehrlichman cast in the parts of Goebbels and Goering! The Depression of the Thirties marked the demise of old-style capitalism: will the crisis which came to a head in 1971 mark the demise of neocapitalism, or what Galbraith more innocuously calls "the new industrial state"? As late as 1968, introducing the revised edition of his *Modern Capitalism,* Andrew Shonfield could still maintain "a major setback to Western economic growth" was "unlikely," and reaffirm his belief that "there is no reason to suppose that the patterns of the past . . . will reassert themselves in the future." His faith in the efficacy of the "new economics"—in improved "techniques of economic measurement," in market management, "fine tuning," and the manipulation of monetary policy and fiscal controls—has few convinced adherents left today.

Of the writers listed above only James Tobin, himself closely involved in the Kennedy economic machine, retains a (muted and cautious) belief in the "new economics." No doubt, Tobin is right in saying that the "new economics" was "oversold," that "too much was claimed" and far more expected than could possibly be delivered. The fact remains that the pendulum has swung in the opposite direction. Not only is the public disillusioned—as well it might be, with US inflation running at 14 percent or more and likely to top 20 percent by the year's end, and gross national product down by more than 5 percent in the first quarter of 1974—but economists also have turned sour. Rickenbacker's book is, in effect, a diatribe against the sins of the "money managers," while Rolfe and Burtle advocate, less stridently, recourse to "free market prices" as the best and quickest way to find the "right answers." Even Robert Heilbroner makes gentle fun of "fine tuning" and of "the Kennedy generation of managerialists" who propagated the art. Not only the ghost of Hoover is stalking the corridors of Washington, it seems, but the ghost of Adam Smith as well.

Economic crisis always produces a rash of plausible and less plausible remedies, and I do not believe, any more than Professor Tobin does, that the currently fashionable exercises in "monetarist" or "Friedmanite" heterodoxy offer a solution, or, even if in theory they did, that there would be the smallest likelihood of their being adopted. Considering how rapidly short-term analysis is overtaken by events, not much would be gained by subjecting all the books listed above to detailed examination; but cumulatively their existence is symptomatic, and perhaps more indicative of what Heilbroner calls "the pervasive unease of our contemporary mood" than Tobin's rather complacent review of the current scene.

I doubt whether Tobin will have much success in convincing anyone today that "the social costs of inflation" have been "greatly exaggerated." When he assures us that, in spite of inflation, "the economy is producing more and more of the goods, services, and jobs that meet people's needs," the simple answer—or at least the answer of left-wing critics—is that the goods produced are far too often not the ones people need, the services are deplorable and shockingly neglected (let him try the public transport if he has any doubts), and the job market is erratic and inadequate. When the Republicans lost the congressional by-election in Michigan in April, one reason alleged (not, I have no doubt, the only one) was that unemployment there was in excess of 12 percent.

It would not be difficult to find other examples of a similar complacency—for example, Tobin's suggestion that recovery and growth in the 1960s did "more to lift the incomes of the poor and disadvantaged than any conceivable redistribution" program, a proposition, I would have thought, disposed of trenchantly enough in these pages by Leonard Ross as long ago as 1971.[1] But two more general aspects of Tobin's position seem to me more germane. The first is the suggestion, never quite stated but implicit in the argument, that the "system" is sound in itself and that you can get out of current difficulties by tinkering with the tax and budget machinery (or, as Tobin puts it, by sharpening "our fiscal and monetary tools"). The second is that (in the words of the 1965 Economic Report of the President) "no law of nature compels a free market economy to suffer from recession or periodic inflations."

About the first, it is sufficient to say that it looks suspiciously like fiddling while Rome burns; or (as William Rickenbacker puts it), "We cannot deal with fundamentals by technicalities and improvisations." The second is, of course, the current orthodoxy. With the advent of Keynesian economics, Kindleberger assures us, a depression of the severity of that of the 1930s would "never again" be possible; the basic trouble was "economic ignorance." Today, in 1974, we shall be inclined to ask whether economic wisdom has done a great deal better.

Professor Tobin is, of course, perfectly correct when he says that there is no reason why we should "fatalistically accept business cycles, unemployment and inflation as acts of nature." Indeed, we have only to look as far as the socialist world to see that booms and recessions can be obviated; as Victor Perlo insists, "There are no reasons for the business cycle to exist in the planned economy of socialism." The question, rather, is whether Marxist economists are right in arguing that a cycle of booms and recessions is inherent in the capitalist mode of production. Here it is necessary to make an important distinction. Even Perlo, for all his Marxist dogmatism, does not deny that economic management and the manpulation of "stabilizers" have been successful in smoothing out short-term business cycles and mitigating their consequences, though predictably enough he maintains that "they do not eliminate the contradictions that are rooted in capitalism." But short-term cycles, of which Perlo counts five (on the average, one every five years) since 1945, are one thing, long-term cycles another.

Economists conventionally distinguish between the short-term (forty-month) Kitchin cycle, the intermediate (nine or ten year) Juglar cycle, and the long-term Kondratieff cycle of approximately fifty years. What concerns us today is the long-term Kondratieff cycle. Based on an analysis of European and American prices, wages, interest rates, and other indices from (roughly) 1780 to 1920, this cycle shows a regular series of rises and falls (rising, for example, from 1789 to 1814, from 1849 to 1873, and from 1896 to 1920, and falling in between). Kondratieff's observations enabled him to predict the beginning of the decline in 1921, and the point is that—assuming his calculations still apply—the year 1971, like 1921 before it, marked the mid-term of the cycle, the beginning of the downturn and the start of the next long period (twenty to twenty-five years) of lean times, recession, and austerity. And though it may be conceded that "fine tuning" makes it possible in some degree to control short-term business cycles, the duration of the Kondratieff cycle, as Peter Jay has pointed out,[2] is so long that there is no evidence or reason to think that "Keynesian principles of economic management have displaced it."

Cyclical theory, of which the best known exponent was Joseph Schumpeter, has been under a cloud ever since the 1950s when a new generation of economists, led by W. W. Rostow, discovered (or thought they discovered) the secret of self-sustaining, self-generating, almost irreversible growth. When lecturing not far from Chicago a couple of years ago, I spoke of Kondratieff—whose name, incidentally but perhaps not insignificantly, occurs only once, misspelled, in Kindleberger's book—I was told afterward by the chairman of the economics department that not one of the graduate students had any idea whom or what I was talking about. And since Kondratieff was purged by Stalin his name is anathema among orthodox Marxists too (needless to say, he is systematically ignored by Perlo).

Today, as we become more impressed (in H. V. Hodson's words) by the "diseconomics" than by the magic of growth,[3] and as we move into the downturn of the cycle, the climate is changing. It is no accident that Kondratieff's two most notable articles were reissued in German in 1972 by heretical Marxists dissatisfied with the limitations of "pure" Marxist analysis.[4] And now we have a paperback edition of Shuman and Rosenau's *The Kondratieff Wave,* first published in 1972, which should at least ensure that the American reading public is aware of Kondratieff's name and the outlines of his theory.

Long-wave theory, unfortunately, has little interest for "practical" economists with their noses fixed to the Wall Street grindstone. Anything that looks beyond next month's fluctuations of the Dow Jones Index smacks, to them, more of theology than of economics. Moreover, the problem is compounded by the fact that, though no one, so far as I know, questions its existence, the way the long-term cycle operates is still shrouded in mystery.[5] I am afraid Shuman and Rosenau, more enthusiastic than discriminating in their attempt to apply Kondratieff to the current American scene, are unlikely to win over the skeptical.[6] On the contrary, their book, with its facile and light-hearted predictions (not a few of them already disproved by events), could discourage rather than encourage the use of Kondratieff for serious analysis.

And yet, intelligently used—not, that is to say, as a magic wand opening all doors and disclosing all secrets, but as a practical tool—Kondratieff can help us to perceive and understand many features of the current world situation. For one thing, he forces us to view it in historical perspective, not as the unhappy outcome of a series of historical accidents caused by a glut of foot-loose Eurodollars, the greed of Arab sheiks, the costs of the Vietnam war, or the machinations of overmighty multinational corporations (though all these and other things enter in), but rather as a particular phase in a recurrent phenomenon, which has its parallels in the past. In other words, he directs us back—and this is the second point—to earlier periods of large-scale recession—1871 to 1896, or 1921 to 1940—as landmarks from which to take our bearings.

Thirdly, he makes us aware that the long wave, though economic in origin, is not merely an economic phenomenon. Rather, as

Footnotes at end of article.

Shuman and Rosenau rightly insist, "It reflects not only major economic trends . . . but all facets of national life—from prosperity to social unrest to involvement in foreign affairs"—producing major sociological and political changes, including in the phase of downturn "a strong shift to political conservation."

Finally, if we accept the Kondratieff cycle, it conveys the frightening warning that we are only at the beginning of the "lean years" and that we must suppose that things will get worse before they get better. To that extent the parallels often drawn between 1971 and 1931 are misleading, and so is the conclusion that as things did not turn out as bad when the dollar went off gold as they did when the pound went off gold in 1931, we are out of the wood. On the contrary, the parallel, if there is one, of 1971 is with 1921, when the boom which began in 1896 ran out, and our comparative place in the cycle today is 1924, not 1934. Evidently, there is still time, as governments fiddle and inflation grows, for another Hitler—or worse.

The necessary starting point for any consideration of the present-day economic crisis is the Depression of 1929, not because of any facile comparisons we may be tempted to draw, but because it was the catalyst of the world in which we live. By 1933, when Roosevelt succeeded Hoover, it appeared that the capitalist system was on its last legs, and the purpose of the New Deal—no different from the purpose of John Maynard Keynes—was to ensure that it did not totter to its fall. The experience of the Depression colored the mental outlook of a whole generation. No one who stood in the breadline was likely to forget it; but neither were the businessmen, corporation lawyers, and Wall Street financiers who thronged into the Roosevelt Administration. For them, also, it was a traumatic experience.

As revisionist historians, such as Williams and Kolko, and Lloyd Gardner in particular, have shown, the international policies of the New Deal were conditioned by the Depression, not only before but during the war years.[7] Dean Acheson's statement in November, 1944, to the Congressional Committee on Postwar Economic Policy has been much quoted, but is worth recalling because it epitomizes so much of American thinking. "We cannot," he said, "go through another ten years like the ten years at the end of the Twenties and the beginning of the Thirties without having the most far-reaching consequences upon our economic and social system." Six years later Truman drove home the same lesson even more directly:

"In 1932, the private enterprise system was close to collapse. There was real danger that the American people might turn to some other system. If we are to win the struggle between freedom and communism, we must be sure that we never let such a depression happen again."

What such a depression signified in economic terms and the stages by which it developed—beginning with the recession in agriculture and primary commodities many months before the Wall Street crash in October, 1929, signaled the general collapse—we can now see, with a minimum of dogmatism and a maximum of cool factual information, thanks to C. P. Kindleberger. Kindleberger's book is a major achievement. Perhaps because its impact was so overwhelming, its scale so vast, there has been so far—as any teacher searching for an appropriate book for his reading list can testify—no really satisfactory history of the Great Depression. Kindleberger fills the gap. His views of the origins of the Depression are frankly eclectic, and he is deliberately cautious about the sort of one-track remedies which are being so freely canvassed today. Even "with perfect monetary policy," he insists, "even with anticyclical capital movements, there would have been a depression." Symmetry "may obtain in the scholar's study," but "is hard to find in the real world." Kindleberger's concern is with the real world, or at least with that part of the real world where administrators, Treasury officials, bankers, and the politicians operate.

The story Kindleberger unfolds is of a chain reaction which, granting the initial conditions and built-in predispositions of the actors, it was beyond human capacity to halt; and the attentive reader cannot fail to be struck by the number of disturbing parallels with today. Reading through Kindleberger I quickly noted no fewer than fifteen points of similarity. Obviously I cannot list, still less discuss, them all. But who, for example, can fail to be impressed by the similarity between Roosevelt's "America First" policy when he took the dollar off gold in in 1933 and Nixon's economic nationalism when he took the dollar off gold in 1971? "This," said Lewis Douglas in the first instance, "is the end of Western civilization"; Nixon's policy of "benign neglect," Arthur Burns is reported by Henry Brandon to have said, amounted to "murdering the international monetary system without proposing to put anything else in its place." True, it was followed by the Smithsonian agreement of December 18, 1971, a parallel in its way to the Tripartite Monetary Agreement of 1936, and the world of international finance heaved a sigh of relief. But where today is the Smithsonian agreement, with its elaborate devices of "snakes" and "crawling pegs," to replace the link between the dollar and gold? "Dead," is Tobin's succinct answer.

By the time Rolfe and Burtle wrote, in 1973, there were five major currencies floating independently, and this floating was accompanied by "a plethora of short-term capital controls" and trade enactments. We do not yet have, quite, the "headlong stampede to protection and restrictions," to the "beggar-thy-neighbor tactics in trade and exchange depreciation," that Kindleberger describes as characteristic of the 1930s. But for how much longer? Rolfe and Burtle take heart from the fact that the "horror scenarios" of "trade war . . . tariffs and countertariffs and a return to the competitive devaluations of the 1930s" have not "come to pass." The point is that we are not yet at that stage in the cycle.

There is plenty of food for thought in Kindleberger's book. In particular, there is food for thought in his conclusion that "the main lesson of the inter-war years" is "that for the world economy to be stabilized, there has to be a stabilizer." Before 1931 it was the United Kingdom; after 1945 it was the United States. Today there is none. Mrs. Camps' conclusion in *The Management of Interdependence* is that "the United States, Western Europe, and Japan will in effect share leadership," but none will "fully accept the obligations of that role" and none "will be prepared to see any of the others gain the perquisites that go with the obligations." A discouraging prospect.

The alternative, according to Kindleberger, is "international institutions with real authority and sovereignty," and this I find more discouraging still, in a world in which, as Mrs. Camps puts it, "the dominant characteristics" are "an increasing concern with domestic problems, a more strident emphasis on national interest, and a decline in the prestige of international organizations." In the 1930s also, "proposals for embryonic international monetary funds were legion. . . . They were uniformly turned down." Those who, like Rolfe and Burtle, pin their hope on Special Drawing Rights (SDRs) as the "base for a future monetary system without economic warfare" please take note.

Kindleberger's book, for all its merits, does not quite live up to the promise of its title. Its subject is not "the world in depression," but, as he himself correctly says, "the world economy in depression." The difference is important. Apart from the usual obligatory references to Hitler, and a passing remark about its effect in stimulating "fifty revolutions in Latin America," there is little in Kindleberger's book to bring home to the reader the shattering political consequences of the Depression or its global impact.[8] His attitude is rather like that of a general on a battlefield, unmoved by the carnage and destruction, thinking only of tactics and strategy. It would be a pity if this rather severely technical approach obscured the fact that the Depression was not just an unfortunate economic relapse, but also the solvent of the entire, admittedly fragile, existing international order. It was scarcely an accident of history that the Japanese invasion of Manchuria, the first major break in the international structure established after 1918, occurred in 1931.

Historians too often write as though Hitler, or Saito and Konoye, or Mussolini overthrew the existing *status quo*. In reality, they simply exploited the dislocation the Depression had created. And this also is not without modern connotations. If in 1930 the international order re-established after the First World War collapsed under the impact of the slump, by 1970 the new international order created by the United States after 1945 was visibly creaking at the joints. Already in the summer of 1968 one commentator announced that "money pressure" was "forcing detente all over the world."[9]

With the advent of Nixon the prediction was simply confirmed. The Guam doctrine, announced on July 25, 1969, and the Kissinger-Nixon visits to Peking and Moscow that followed, may not, as Rolfe and Burtle insist, have meant a "retreat of American power," but they certainly indicated a major shift in world forces, and no one would deny that "money pressure"—in other words, a radical change in the economic climate, a downward swing in the Kondratieff cycle—was an operative factor. As Henry Brandon puts it, "Shortage of money became one of the most potent American policy makers, just as its abundance had been a generation earlier."

The broader effects of the Depression in the advanced industrial countries are too well known to need description; but their impact on existing ideologies was no less shattering. Above all, they drove home the lesson that unemployment on the scale of the 1930s must never be allowed to occur again. The classic remedy of massive deflation was out, and the maintenance of full employment became the central pillar of postwar economic policy, both domestic and international.

This preoccupation with full employment was due to the "gnawing fear" (as The New York Times put it in 1946) that, once the postwar boom was over, "the United States might run into something even graver than the Depression of the Thirties," with all its incalculable social and political possibilities.[10] Internationally, it translated into a fear "whether the American capitalist system could continue to function if most of Europe and Asia should abolish free enterprise," a determination "to increase our outlets abroad for manufactured products," and an opposition to high tariffs, exclusive trading blocs, and unfair economic competition, which—as Cordell Hull, never tired of insisting—bred the war which broke out in the Far East in 1937, spread to Europe in 1939, and engulfed the United States in 1941. Considering the small part that foreign trade played (and still plays) in the United States economy, this obsession with foreign markets is easier to explain on psychological than on rational grounds; but Dean Acheson was certainly expressing a prevalent view when he said:

You don't have a problem of production. The United States has unlimited creative

Footnotes at end of article.

energy. The important thing is markets . . . My contention is that we cannot have full employment and prosperity in the United States without the foreign markets.

The other thing that was necessary was the restoration of a functioning international monetary system to revive the flow of trade. This, as everyone knows, was the purpose of the Bretton Woods agreement of 1944, which in effect restored the gold exchange system operating between 1925 and 1931 with the dollar as "reserve currency" that is to say, the currency that could be held by central banks in lieu of gold—and at the same time set up the International Monetary Fund as a mechanism for maintaining currency stability. Since 1971 a great deal of myth and a good deal of mystique have been attached to Bretton Woods; it "guided the postwar world," it is often said, "to peace and prosperity." In harsh reality, "Bretton Woods was a system," as Rolfe and Burtle point out, "that never, or hardly ever, worked," and the middle section of their book, entitled "the rise and fall of the Bretton Woods system," is a clear and vigorous (if sometimes opinionated) account of the reasons why.

Not 1944, the year of Bretton Woods, but 1947, the year of the Marshall Plan, or rather 1949, the year in which it actually went into effect, was the real starting point of the new postwar economic system. As the $12 billion of the Marshall Plan poured in, the pumps were primed, and the wheels began to revolve—so rapidly that by 1953 Western Europe was experiencing the biggest boom of its history. After 1950 it was fired by continuing American deficits. In the words of Rolfe and Burtle, "the *wunderwirtschaft* miracle economies of the early postwar years were little more than export-led booms, depending in large measure on the American deficit, aided and abetted by currencies undervalued by deliberate American action."

No one questions the generosity of the Marshall Plan; no one should question either the element of enlightened self-interest it embodied. This was the period of the "dollar gap," of a grossly deficient liquidity in the international monetary system, which only aid from the Marshall Plan and the subsequent outflow of dollars could correct. Foreign governments eagerly sought dollars which were "as good as gold" (in some ways better than gold, most of which was locked up in Fort Knox anyhow), and the United States, confident (as Rolfe and Burtle put it) in its "capacity to remain economically dominant," cheerfully accepted the deficits. In 1950 the National Security Council told Truman the country was so wealthy it could safely use 20 percent of its gross national product for military purposes without danger to the economy. The administration and its successors never managed quite to live up to this precept, but they certainly did their best.

But by 1958, when the Rome treaties linked the European Common Market behind a unified tariff barrier, things were changing. Compared with growth in Germany, Italy, and France, to say nothing of Japan, growth in the United States was lagging badly. In 1963, "the year of the end of the dollar era," a new situation took shape. After forty years characterized by the "dollar gap," the world entered a period of dollar surplus. The signs were brushed aside as a temporary maladjustment which would right itself by 1968. This was to reckon without Vietnam. When 1968 came the dollar surplus turned into a "dollar glut"; that is to say, the outflow of dollars from the United States to pay for stockpiling, military aid, the costs of military bases and the like—expenditures far in excess of the earnings of United States foreign trade—caused dollars to pile up in the creditor countries.

Even now, the crisis was staved off by the willingness of the European central banks to hold and accumulate paper dollars. But in 1971 the day of reckoning arrived. This was the first year in the twentieth century when the United States had a deficit on its foreign trade account, and the over-all deficit on capital account in the third quarter—with the gold stock down to $10 billion—reached the formidable figure of $12 billion. The European central banks were saturated with paper dollars and wanted no more. Pressure on the dollar rose to new heights, and on August 15, Nixon officially abandoned convertibility. Central banks ceased to support fixed international exchange rates, and currencies were permitted to "float." This is what is meant by "the fall of the Bretton Woods system."

III

It is fashionable today, three years later, to shed no tears over the demise of Bretton Woods. Contrary to prediction chaos did not ensue, the wheels did not grind to a halt. We have learned to live with floating currencies. Why ask, Rolfe and Burtle adjure us, "whether floating can in fact work? It does." Nor are they alone in praising the Nixon-Connally policy of "benign neglect"—that is to say, of taking no steps to check the outflow of dollars or to secure a balance of payments—as a "brilliant stratagem." Dollar devaluation, it is argued, was a beneficient readjustment. By 1965 the dollar was evidently overvalued; now it is finding equilibrium, and would have done so sooner—so the argument runs—but for the mistake of agreeing, in December, 1971, to impose a premature stabilization in deference to European wishes and susceptibilities.

The trouble with this analysis is the way it isolates the international monetary system, as though it operates in a vacuum with no overspill. For most of us, outside the charmed circle of high finance, it is the overspill that matters. For what, in a broader context, was the result of "benign neglect"? The brief answer is a world-wide inflation, which no one knows how to stem or control. The mechanism is adequately described by Rolfe and Burtle, and a good deal less charitably by Perlo. As dollars poured out of the United States during 1969, 1970, and the first half of 1971, nothing was done to halt the flow. Instead, central banks elsewhere, notably in Western Europe and Japan, were left to absorb the unwanted dollars, thus piling up additional reserves.

If it had worked as intended, the Smithsonian Agreement of December 18, 1971, might have checked the process. In fact, the outflow continued after 1971 as before. As *The Financial Times* tartly put it in December, 1972, the United States was still "paying for its deficits with its own currency."[11] And "since," as Perlo observes, "there was no prospect of ever redeeming most of the huge stockpile, the operation represented a drain on the national wealth of the countries with strong currencies."

But, much worse than this, "the swelling flood of deutschmarks and other currencies paid out in exchange for the dollars became a source of mounting domestic inflation." Western Germany was the country most directly affected. To fight inflation, the Bundesbank in 1970 raised its discount rate from 6 to 7½ percent. The result was to make things worse. Attracted by the higher interest rates, foot-loose dollars flowed into Germany, and in the last nine months of 1970 German reserves rose by no less than $5.8 billion, aggravating all the inflationary tendencies.

It would, of course, be wrong to blame all this entirely on Nixon's policy of "benign neglect." Already in 1970 a shrewd commentator pointed out that "throughout the 1960s" the United States had been "exporting inflation" on a grand scale; it was "thrusting an inflationary solution to an inflationary problem upon the world."[12] As, under Johnson, the war in Vietnam reached its peak, stoking the fires of inflation in the United States, the outflow of dollars overheated an already overheated world economy. Indeed, it could be argued—as Perlo argues—that such countries as West Germany, Switzerland, and Japan were in effect "subsidizing . . . US imperialism to the tune of many billions of dollars per year," and doing themselves untold harm in the process.

By the time Nixon succeeded Johnson as president, according to Max Silberschmidt's figures,[13] short-term dollar debts, which had amounted to $8 billion in 1949, had risen to $33 billion. But "benign neglect" opened the sluice gates. By 1971 dollar liabilities abroad had almost doubled, from $33 billion to $63 billion. Today what Rolfe and Burtle call the "vast and unregulated . . . cascade of dollars pouring into the rest of the world" and frustrating all efforts to check inflation is well in excess of $100 billion. When the recording angel writes up the ledger of history for the 1970s, the havoc inflicted on the world by "benign neglect" may well be entered as a worse sin than Watergate.

IV

The theory of inflation, as set out by writers such as Samuelson, is simple enough.[14] If credit is easy and employment at a high level, there will be inflation; if credit is tight and there is considerable unemployment, inflation will decline or even cease. Granted that no government anywhere is prepared to countenance the vast unemployment of the 1930s, the practical problem for economists and administrators is to secure the proper "trade off" between unemployment and inflation by timely "inputs" and equally timely "cut-offs." The answer was provided by the so-called "Phillips curve." Put crudely, if by tolerating a "mild inflation" of (say) 3 percent, you could ensure an increase in gross national product of (say) 4 percent, the net result was another increment of economic growth, and (as Samuelson puts it) "the losses to fixed-income groups"—a few millionaires with inherited wealth, no doubt, but, mainly pensioners, the swelling ranks of the old aged, people on Social Security, and the unemployed—would usually be "less than the gains to the rest of the community."

In fact, the new "growth economics" worked tolerably well (considering the amount of slack in the European economy to be eliminated it could hardly have done otherwise) for a dozen or more years after the war. After 1968 there was a sudden and startling change. It was not only that inflation took off on the spiraling course, like a missile aiming for the moon, which leaves us today with inflation rates hitting (often far exceeding) double figures in all the major countries of the world—14 percent in the United States and the United Kingdom, 13 percent in Australia, 26 percent in Japan, 16 percent in France, around 10 percent in Western Germany—and still rising.[15] More ominously, it became only too obvious that the "Phillips curve" had ceased to operate.

When, after eighteen months of Conservative government in England, you got unemployment over the million mark—the highest rate since 1940—and at the same time a rise in prices of 17 percent (the position in the United States during Nixon's first two years was little different except in degree), something was evidently wrong. As Sir Frederick Catherwood, director general of the National Economic Development Council in the United Kingdom, put it, "The inflation we now face is very different not only in degree but in kind, too, from the inflation of the mid-Sixties"; and since it had occurred "in every advanced economy in the free world," it was "fair to assume that there is now a new situation."

Footnotes at end of article.

I do not propose to discuss the causes of this new situation, still less the responsibilities. Much could be said of the role of the multinational corporations, still more of the effects of the Vietnam war, once pooh-poohed, now admitted by writers across the whole political spectrum from Tobin to Perlo to have been a vital factor. More recently, there have been the effects of the energy crisis, brewing already in April, 1973, when Nixon made his well-known speech on the subject, much accentuated after the Arab-Israeli war in October, 1973, when oil supplies from the Middle East were shut down and prices forced up. For present purposes it must suffice to mention them. Nor is there much profit in arguing whether or not "benign neglect" was forced on Washington by the recalcitrance of the French, the Germans, and the Japanese. The game of the pot calling the kettle black, indulged in once again by Nixon in his Chicago speech on March 15, is fine for politicians; for those of us who have to live with them—and that is all of us—the consequences matter more than who is to blame; and the consequences are grim enough.

The clearest conclusion of Kindleberger's book is that all countries were responsible in one way or another for the Depression of the Thirties; that fact was small comfort for the victims and did not make the consequences more bearable. If we slide into a depression today—as every index suggests we are doing—we shall be less concerned with who was responsible than with what it is doing to us and to the world in which we live.

It is often said—by writers as dissimilar in all their assumptions as Rolfe and Perlo—that there will be "no repetition of 1929–1932." That is surely true. There will not be a recrudescence—at least in the industrialized countries (the underdeveloped world is a different matter)—of the sort of unemployment facing Roosevelt when he took over in the United States at the beginning of 1933. That can be avoided and, by all. What other problems *will* be created in avoiding it is another question. Social stability can be eroded by unemployment, as it was in Germany in 1932; it can also be eroded by inflation, as it was in Germany in 1923. The downswing of the Kondratieff cycle does not mean that the present crisis is identical with the 1929 crisis; but it does mean that the time has come, as Shuman and Rosenau insists, to stop talking about "recession" and start talking about "depression"—"the awful word economists have refused to apply to any economic downturn since the 1930s."

Because the depression into which we are moving is not identical with the Depression of the Thirties, I have no intention of indulging in prognostication. Least of all do I propose to discuss Robert Heilbroner's apocalyptic vision—familiar, in any case, to readers of this periodical, where it first saw light[16]—of the coming centuries when, like monks in a sixth-century monastery after the fall of Rome, we shall find "solace" in "tradition and ritual" and our "private beliefs," amid the ruins of "the giant factory, the huge office," and "the urban complex." Truly, *The Great Ascent* has become *The Great Descent!* Spengler and Toynbee could not have done it better—though they would have done it at far greater length. For me, I must confess, there is something infinitely sad in this capitulation of a liberal conscience and in the fatalism which surveys; one by one, the possible remedies only to conclude that they "are not likely to be realized." Nevertheless, Heilbroner's book is important, as a reflection and expression of the new mood of resigned pessimism which the growing sense of economic crisis has bred.

Footnotes at end of article.

It is important, too, because it shows how pervasive the new conservatism, concomitant always of stringency and crisis, has already become. Heilbroner has managed to convince himself, and now seeks to convince us, that we must forego the freedoms he prizes so highly and accept the necessity of authoritarian governments, "capable of rallying obedience," as the only way of making "the passage through the gauntlet ahead." He need not have agonized so much over his conversion, or justified himself so profusely, for all the signs are that the reaction, whether "necessary" or not, is beginning; indeed, in retrospect, it may well appear that Nixon's only mistake was to turn the machinery of espionage, intimidation, and harassment thought appropriate for militant workers, blacks, students, and other underprivileged and "subversive" groups, against the other half of the establishment.

In 1968 and 1969 we witnessed the last efflorescence of the liberal dream, the end, as the Administration liked to call it, of the "era of permissiveness." Shuman and Rosenau are not exceptional in predicting "a strong shift to political conservatism." Rolfe and Burtle foresee "departures from the type of democracy now dominant in all the developed world," and Rickenbacker can discover "no reason" why, faced by the choice between totalitarianism and depression, "we shall choose depression without first having had a go at totalitarianism." The odds, it seems to me, are that we shall get both. Fascism can stage a comeback—provided, as Huey Long once said, it calls itself anti-fascism.

"Unstable world economic conditions," Rolfe and Burtle tell us, "can be disastrous for . . . the system." Hardly a world-shattering insight, but significant enough when we survey the signs of instability around us. Early in May, before the fall of the government in Thailand, *The Financial Times* listed no fewer than twenty countries (excluding Latin America and Africa and the rest of the underdeveloped world) which "are now politically unstable," and the basis of instability in every case, it suggested, was economic.[17] Inflation and conflict over the methods of coping with it were the main factors, of course, but not only inflation.

What else? In Germany (where the much-publicized revelations about Brandt's personal life only masked more deep-seated conflicts) unemployment, almost unheard of in the past, over the half-million mark; in the United States gross national product down more than 5 percent; prime rate at the Bank of England 12 percent ("according to tradition," Kindleberger tells us, "a 10 percent bank rate . . . would draw gold from the moon"), and the rate for federal funds used for interbank borrowing scarcely better at 10.78 percent; in England a disastrous slump in fixed capital investment, in the United States, on the contrary, a huge increase, but (as *The New York Times* points out) with "enormous disparities," the clearest indication of "an economy being twisted out of shape by the differential impact of inflation", [18] building starts down from 2.5 to 1.5 million in the United States, the construction industry in England bedeviled by bankruptcies (Lyon) and the "land/market near to collapse", spectacular bankruptcies, also, in secondary banking (Cedar Holdings), or in the United States large-scale rescue operations (over $1 billion in the case of Franklin National) by the "Fed"; prime rate in New York at 11½ percent, recalling William Rickenbacker's prediction in 1969 of "Short-term interest levels reaching 10 or 20 percent," accompanied by the ominous warning: "Toward the end of the inflationary boom of the 1920s, short-term money earned exactly 20 percent on Wall Street. Just before the end."

Each item might perhaps, be capable of being coped with separately on a national basis. But today, confronted as we are by a vast, uncontrolled flow of international liquid capital, estimated at over $130 billion—a strikingly new feature of the situation, for the "hot money" of the Thirties reached nothing like the same dimension—there *is* no separate national basis, even for the United States. Tobin writes of the need for "international monetary devices which preserve some national autonomy"; but his words sound more like pious hope than firm conviction. Mrs. Camps, who shares Tobin's views, candidly admits that "the present mood—almost everywhere—is running against the kinds of change that seem to be required." The alternative? Controls. Controls on money, controls on trade (the latest, at the time of writing—for there will be more—the 50 percent deposit clamped down by Italy on "nonessential" imports, accompanied, naturally, by the usual protestation that it is "strictly temporary"), retaliation, and a retreat into economic autarchy.

As Tobin rightly says, "We can hardly imagine that the Common Market will passively allow the U.S. to manipulate the dollar exchange rate in the interests of U.S. domestic stabilization. Nor can we imagine the reverse." Already in May, 1972, Arthur Burns was speaking pessimistically of a "world economy divided into restrictive and inward-looking blocs" and of the "financial manipulations, economic restrictions and political frictions" that would ensue. The blocs, it is true, have not yet fully materialized, but they took time to materialize in the Thirties also; the political friction, however, is already a fact. Who today would seriously quarrel with Shuman and Rosenau's prediction that "tariffs are here to stay because America is feeling the first pinch of the long-wave downturn," or with Brandon's view of the Seventies as a period of increased economic warfare?

V

A cycle of booms and slumps is endemic in the capitalist system; as Perlo argues, cogently enough in spite of his lapses into stale Marxist polemics, it could not function without them. Nor, indeed, is the fact denied by liberal economists, who only argue that Keynesian analysis has taught us how to tame and control them. But the difference between the short-term recession and the long-term depression is that the former introduces strains but leaves the structure standing, whereas the latter imposes lasting structural changes. This is what happened in the 1930s, and it is safe to predict that it will happen today. What is more hazardous is to predict what the changes will be.

The first thing to say is that there is no evidence—even Perlo never quite suggests that—that the crisis of "neocapitalism" (for that is what we are witnessing) means its collapse and replacement by socialism. It is true, as Perlo points out, that capitalism today is "no longer a unique, closed system," but instead has "to coexist in a world containing a powerful and growing socialist economic system," and that is a major difference by comparison with the 1930s. But capitalism did not wither away of its own internal contradictions and give way to socialism in the Thirties, and I can see no reason why it should in the Seventies; the vested interests involved—conveniently summed up in the two much canvassed phrases, the "military-industrial complex" and the "multinational corporation"—are too big and powerful.

On the other hand, Heilbroner's Malthusian foreboding seem to me to go beyond all reason. Gerhard Mensch, one of the few modern economists to concern himself seriously with Kondratieff, has shown convincingly enough how, in each crisis in the last 170 years, recovery has come about through the

exploitation of a series of basic innovations.[19] Why should there be no such break-through this time? Why, for example, should scientists not succeed in harnessing solar energy (a possibility mentioned in passing by Heilbroner, only to be dismissed out of hand), a break-through which, evidently, would transform the whole situation?

Heilbroner would have us believe that we stand today at the end of the world we know, like the characters in *Waiting for Godot* awaiting the moment when "all will vanish and we'll be alone again, in the midst of nothingness." In reality, we stand at the end of an era, of a fifty-year period of history, of the age of neocapitalism. We are entering a period of radical readjustment, which is bound, before it ends, to breed misery and widespread suffering; it will be a traumatic experience, as long as it lasts, but not the irreversible calamity Heilbroner foresees. Nevertheless, the world that emerges from the crisis will be as little like the world of the 1960s as the world after 1945 was like that of the 1930s. Toynbee has predicted a "stockade society" and a "siege economy" in which private property will be nationalized, free enterprise abolished, and certain economic activities—for instance, stockbroking and real-estate developing—will disappear (and who except the stockbrokers and real-estate developers will shed a tear?) at the behest of "a ruthless authoritarian government."[20]

He may be right. What seems certain is that some solution to the problem of uncontrolled inflation will have to be found, if the fabric of society is not to be torn apart; and though at present most governments are resorting to the classic remedy of wage controls and restrictions on the right to strike—depressing the standard of living. Perlo would say, in order to maintain profits—the likelihood, as the crisis reaches its peak, is that the only way out will be to control business, too.

What is clear, in any case, is that there is no solution within the existing system. The underlying postulate of the "new economics" was that the capitalist system would display a steady trend to economic growth, and the socially harmful results of its operations—poverty, social neglect, unemployment—could be effectively dealt with by government intervention within the framework of private property and the market. Both parts of the theorem have been belied by events, and are likely to be even more drastically falsified as the crisis gathers pace in the next few years.

Tobin clings, rather wistfully, to the view that the "new economics" will eventually stage a comeback, but it is hard to believe he is right. For one thing, the disillusion is too great. When *The Wall Street Journal* conducted a countrywide survey in the fall of 1972 it found frustration everywhere, particularly frustration with the mythology of growth and affluence.[21] Not surprisingly. There is, after all, a basic contradiction when an economic system which claims to have discovered the secret of rising living standards for all can only find a way out, when the crisis develops, by reducing living standards; in that way, either through miscalculation or through deception, the professions upon which the whole structure depends are proven to be false.

Secondly, it has become only too abundantly clear that the trade-off between unemployment and inflation, which is a fundamental element of the equation, is unattainable under present conditions. And since no government dares contemplate the risks of massive unemployment and no government can live with galloping inflation, they will be forced—less, no doubt, through choice than through the inexorable pressure of events—to devise some other system.

What it will be, how far it will depart from the present system, no one can predict. On the whole, I would agree with Heilbroner that the most likely outcome is the "transformation of 'private' capitalism into planned 'state' capitalism." This, he says, is already "partially realized" in Japan. It was also pretty effectively realized by Hitler—and, the historian with a longer memory might add, in the Byzantine Empire. What we can see, in any case, is that neocapitalism, with its pretensions to have found the answer to Marx, was the expression of a temporary situation, borne along not by its own dynamic but by the upward wave of the economic cycle; but Marx's vision of a society dedicated to welfare, not to power and profit the only vision that makes sense in today's circumstances—still eludes us, and will do so until another crisis, even more crippling than the crisis that is brewing today, brings home to the whole world the perils it faces.

FOOTNOTES

[1] Leonard Ross, "The Myth that Things Are Getting Better," *The New York Review*, August 12, 1971, pp. 7, 9.

[2] Peter Jay, "Will Konratieff [*sic*] Prove Stronger than Keynes?" *The Times* (London), December 24, 1971.

[3] H. V. Hodson, *The Diseconomics of Growth* (Ballantine Books, 1972).

[4] *Die langen Wellen der Konjunktur. Beiträge zur Marxistischen Konjunkturund Krisentheorie* (Berlin, Edition Prinkipo, 1972).

[5] But see the critique by George Garvy, "Kondratieff's Theory of Long Cycles," in *Readings in Business Cycles and National Income*, A. H. Hansen and R. V. Clemence, eds. (Norton, 1953), pp. 438–466.

[6] It does not appear that they have actually read Kondratieff; at least, his work does not figure in their short bibliography, although in fact a translation (abbreviated) of "The Long Waves in Economic Life" appeared in the *Review of Economic Statistics*, XVII (1935), pp. 105–115, and was reprinted in the American Economic Association volume, *Readings in Business Cycle Theory* (Blakiston, Philadelphia, 1944), pp. 20–42.

[7] William Appleman Williams, *The Tragedy of American Diplomacy* (new enlarged edition, Delta Books, 1962); Gabriel Kolko, *The Politics of War* (Vintage, 1970); Lloyd C. Gardner, *Economic Aspects of New Deal Diplomacy* (Beacon, 1971).

[8] Kindleberger says virtually nothing, for example, of Africa; but it is clear that the economic setback paved the way for the effective mass movements under new leaders—e.g., Azikiwe or Bourguiba—which finally brought about the political emancipation of most of the continent; cf. A. G. Hopkins, "Economic Aspects of Political Movements in Nigeria and in the Gold Coast," *Journal of African History*, VII (1966), pp. 133–152.

[9] Joseph Kraft in the *Boston Globe*, July 10, 1968.

[10] Cited by Williams, *The Tragedy of American Diplomacy*, p. 268; for the following citations, cf. pp. 161, 198, 235.

[11] *The Financial Times*, December 8, 1972.

[12] David Deitch in the *Boston Globe*, September 12, 1970.

[13] Max Silberschmidt, *The United States and Europe* (Harcourt, Brace, 1972), p. 189.

[14] Paul A. Samuelson, *Economics*, 8th ed. (McGraw-Hill, 1970), pp. 254–258, 807–814.

[15] I take my figures from *The Financial Times*, May 11, 1974; they are, no doubt, already out of date.

[16] *The New York Review*, January 2, 1974.

[17] *The Financial Times*, May 11, 1974; the same point was taken up in a dispatch from London in *The New York Post*, May 28, 1974.

[18] *The New York Times*, May 9, 1974.

[19] Gerhard Mensch, *Innovation und industrielle Evolution* (Berlin: International Institute of Management, 1973).

[20] Arnold Toynbee, "After the Age of Affluence," *Observer* (London), April 14, 1974 (also syndicated in the US).

[21] *The Wall Street Journal*, October 16, 1972.

THE CONCORDE

Mr. GOLDWATER. Mr. President, the feeling continues to haunt me that probably the biggest mistake the Congress of the United States ever made as far as American supremacy in the air and in industry was when we stopped the American construction of the Supersonic Transport. The Concorde, developed by England and France, has, in my opinion, already proven the aerodynamic ability to maintain supersonic flight across the oceans, and while I will admit that economically it still has a way to go to make it feasible, I feel that before many years go by some or more than one airline in America will be forced to buy this aircraft because of the demand from the passengers.

Robert Hotz, writing in Aviation Week & Space Technology on June 24, described briefly a trip from Boston to Paris and Paris back to Boston at which time the flying time was 6 hours and 17 minutes and it was a routine flight. I ask unanimous consent that this editorial be printed in the RECORD.

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

[From Aviation Week & Space Technology, June 24, 1974]

A ROUTINE FLIGHT

(By Robert Hotz)

Last Monday, June 17, we flew a transatlantic roundtrip between Boston and Paris in Concorde 02. Our flying time was 6 hr. 17 min. and our cruising speed was 1,350 mph. It was a routine flight.

The takeoff weights (386,000 lb.) were the same at Boston and Paris. Payload of 24,500 lb. was carried both ways. The takeoff rolls were identical, 39 sec. down the runways at Logan and Charles de Gaulle airports. Navigation was direct and simple. From Boston, the compass needle never varied from due east (090 deg.). At Paris, Concorde took its heading from the 270-deg. takeoff runway and never varied from due west until entering the Boston terminal area.

Supersonic climbout and Mach 2 cruise were the same sensationless floating experiences we had encountered on previous Concorde flights. Even the champagne—Dom Ruinart 1966—was the same fine vintage on both legs. It bubbled as effortlessly at Mach 2.01 and 54,000 ft. as it did on the Boston and Paris terminals at zero speed and sea level.

Flight time varied only a single minute on each crossing—3 hr. 9 min. to Paris and 3 hr. 8 min. to Boston. Fuel consumption varied by only a few hundred pounds. Even the pilots were routinely interchangeable. Gilbert Defer flew the Boston-Paris leg with Jean Pinet in the righthand seat. On the return, Pinet took over with Pierre Dudal, a veteran of the Concorde program from the French flight test center, as copilot.

On the way over we read Newsweek and the Boston Globe—on the way back Le Figaro and L'Express. When we walked out through the Air France Jetway at the new John A. Volpe international terminal at Boston, just 7 hr. and 28 min. after we had walked in, there was only a bottle of Armagnac and a half ounce of Arpege perfume in our brief case as tangible evidence that we had indeed been in Paris at lunchtime.

The message that is coming through to us after four Mach 2 flights in Concorde and three transatlantic crossings is that

supersonic airline service for the average business traveler is a refreshing, routine experience and that Concorde is a flying machine of still unappreciated precision and stamina.

Concorde 02, on which we have made all our flights, is now headed back to the factory at Toulouse after 462 hr. of flight testing, including 225 hr. at Mach 2. Its route-proving role will be taken over by production Concordes of significantly improved performance.

Concorde 02 will be fitted with the new carbon brakes and reenter the test program to prove another of the many technology state-of-the-art advances that have combined in Concorde to make supersonic airline service a realistic routine.

Concorde and its Anglo-French producers are now embarked on a methodical program to demonstrate the realities of supersonic airline service and demolish its myths. In its two visits to the Americas last fall and this month Concorde has established some hard data points:

It has routinely cut in half subsonic airline flight times on the major North and South Atlantic routes.

It has demonstrated its conventional behavior as a subsonic aircraft using existing airport facilities and current traffic control systems while fully exploiting its unique performance capability in an environment that does not impinge on subsonic traffic.

It has exposed the mythology of its environmental critics and proved that it meets current airport noise standards and does not devastate the surrounding terrain with sonic booms or excessive pollution. By the time Concorde goes into airline service in 1976, there will be sufficient measured factual data to bury these environmental myths at the depth they deserve.

It has developed the beginnings of an operational foundation for routine airline use with serviceability, quick turnarounds and maintainability.

As a revolutionary new mode of public transportation, Concorde must be demonstrated to its potential users to establish its credibility and confound its critics with performance. So far, the French partners in the Concorde alliance have exhibited far more elan than their British counterparts in accepting this challenge. During all of the technical and political problems that have cluttered Concorde's progress, the French have never faltered either with faith in its ultimate success or in support of the program.

In contrast, a great part of British officialdom, press and even airline managements has been so dubious that the durability of British participation in the program has long been questioned. Even now, the future of Concorde balances on the decision of a group of fuzzy-minded British Labor ministers whose past record of folly on technological decisions is unsurpassed. It would save no money nor make any sense for Britain to withdraw from Concorde now. But Denis Healey and his associates in the current Labor government made far more disastrous decisions when the fate of British technology was in their bumbling hands some years ago.

Concorde still faces many problems in its future development—some technical but most political and economic. Its future is by no means assured even if the British government continues support.

But its recent demonstrations in the Americas, where it proved its performance and was accorded a warm reception by airport officials, passengers and the public, have proved that it has a fighting chance for success if both governments continue support and if the program managers and their airline customers inject an untraditional energetic and innovative approach to putting it into regular airline service.

THE BELLAMY FLAG AWARD

Mr. SPARKMAN. Mr. President, the Huntsville, Ala., High School has recently been honored in being selected to receive the 34th annual Bellamy Flag Award of 1975. An article recently in the Huntsville Times tells the story of the award. I ask unanimous consent that this newspaper article be printed in the RECORD along with an award notice published by the National Organization of Portsmouth, Va., in which information is given regarding this annual award.

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

[From the Huntsville (Ala.) Times, Apr. 14, 1974]

HUNTSVILLE HIGH SEEKS HONOR

Joe Anglin believes Huntsville High School should retain its traditional approach to education—emphasizing responsibility and decision-making in its teachings.

As principal of the 2,100-student high school since 1971, Anglin, although a believer in the traditional, has attempted to bring about many changes, most importantly a more tranquil relationship between whites and blacks since racial disturbances divided the school more than a year ago.

It is for these principles of tradition mixed with change that Huntsville High is being considered for a national award for all-around excellence.

Since 1942, a representative high school from a different state has been selected to receive the National Bellamy Flag Award, an award bearing the name of Francis Bellamy, author of the Pledge of Allegiance.

High schools in Alabama are being considered for the award this year. Of the 51 state schools invited to compete for the coveted recognition, three have been selected as finalists—Huntsville High, Cullman High and Hueytown High.

It is an award not for a single performance or accomplishment or for activities during the current year, but recognition for contributions made over the years by students teachers, administrators and the entire community.

Anglin is not the type of person who would like to forget the past or cover up the unpleasant facets of it. He talks of racial strife in the halls of Huntsville High just a year ago—and what the school has attempted to do to end it.

"We didn't know why the problem existed here," says Anglin, who first came to Huntsville High in 1969 when he transferred from Sparkman in the county.

"But gradually, we began to learn the needs of the black students. I think the problems we had at Huntsville were caused by a lack of student interest—by both blacks and whites.

"But, although it may sound silly, we took a look at our student organizations, realizing, because most club meetings were scheduled at night, most ninth graders missed them because of no transportation. And many black students had no way of getting back to school in the evenings.

"So we changed our club system, and now each Tuesday, for 45 minutes, we set aside time what we call our student activity program. We wanted the students to have something to identify with, and now they have."

With solutions such as these, Huntsville High has coped with problems as the city of Huntsville has grown. The school, accredited by the Southern Association of Schools and Colleges in 1919, is the oldest accredited high school in Alabama. Today its 95 teachers possess high academic qualifications—53 hold masters degrees.

Seven Huntsville High School students were chosen National Merit Scholarship finalists in 1972; two were picked in 1973, and two were picked this year.

While other schools in the city have converted to team teaching, Anglin says he and his teaching staff dislike the new method, preferring instead to improve the quality of the curriculum to meet the needs of all high school students, whether or not they plan to attend college.

For instance, the English curriculum has been designed to meet the needs of every Huntsville High student, the courses divided by phases, not grade levels. Phase I English courses are molded for students who find reading, writing, speaking and thinking quite difficult. Phase II courses are for students needing improvement; phase III for those with an average command of the basic language skills; phase IV for those learning fairly rapidly; and phase V for students looking for a challenge in English.

Next year the school will initiate a program in math designed similarly to the English instruction, with courses to meet the needs of the slow learner and others for those capable but less motivated than other math students.

Huntsville High's senior class has gained city-wide attention in recent years for its practice of purchasing with its funds equipment and other items needed by the school.

In past years, the classes have contributed $10,000 towards the cost of air conditioning the school building; $4,000 for a sound system in the auditorium; $4,000 for an intercom unit for the school; $1,000 for the library.

The Class of 1973 contributed $3,500 for renovation of the auditorium and $2,150 for the purchase of a video tape recorder for school use.

In recent years, Huntsville High has been recognized nationally and within the state through student awards in various activities such as debate, art, journalism, band, choral and athletics. Trophies denoting these achievements stand three and four deep on the shelves of glass cases in the school's hallways.

THE NATIONAL BELLAMY AWARD,
Portsmouth, Va., June 14, 1974.

The 34th Annual Bellamy Flag Award of 1975, which honors the author of the Pledge of Allegiance, Francis Bellamy, and the public schools of the United States, will be presented to the Huntsville Senior High School next year at special ceremony.

The Huntsville Senior High School has been designated by the National Bellamy Board of Directors to serve as standard bearer for quality schools in the State of Alabama for a fifty year period. The Cullman High School has been named Alternate Bellamy Award School for the State. Only one secondary school in a state may hold the honor. Huntsville Senior High School, termed one that "never rests on its laurels," has been selected for the coveted national honor for these specific reasons—

1. The proficient performance of duty by the administrators: Joe L. Anglin, principal, and Dr. V. M. Burkett, superintendent, are cited for leadership in a school and school district that strives to retain the traditional approach to education all the while bringing about the necessary changes for all-around excellence designed for an entire student body.

2. An accomplished faculty that teaches by practical, living experiences in the classroom—the true method of learning by doing: economics students learn the basics by investing in the stock market, sociology classes offer keen concepts and understanding in experimental marriage, history classes simulate the depression era for better comprehension of the times. A concerned faculty, through its educational association, works closely with administrators, students and parents for the public good. Full concentration is placed on a curriculum that

meets all students' needs, whether or not they are college bound.

3. The Board of Education philosophy: ". . . the school program should be designed to assist the student . . . in recognizing the functions of constructive citizenship in a democracy and in understanding and appreciating the cultural heritage.

4. The PTA (900 strong) that speaks up with words and action for its school and city. In a day when the school dollar is microscopic, the PTA has donated substantially to the school to supplement state and federal funds.

5. A loyal and generous student body that excels academically and culturally: Seven students were chosen National Merit Scholarship finalists in 1972, and two finalists in each successive year. State and national achievements have been recorded through the years; recently in debate, languages, the arts and athletics. Senior classes have gained city-wide attention for the practice of raising thousands of dollars annually through magazine sales, primarily for school equipment and school needs. Individual student achievement plays an important role in diverse areas of learning in a large student body—among them: ballet, karate, and senate page.

6. Noteworthy current student records warrant citation of "Representative of the Best"—

The largest number of Scholastic Art Awards (23) in the State.

The top debate team in Alabama.

The band awarded all four top ratings in concert selection.

The best one-act play production for three consecutive years in State competition—Alabama Thespian Society.

Swim teams take Alabama State Championship—boys and girls swim teams compete against 29 schools in the State.

Girls netters place second in the State.

7. Outstanding school publications.

The school magazine, The Spectrum, twice selected among the best student literary magazines in the nation—Columbia Scholastic Press Association Medalist Award for 1973.

The school newspaper, Red/Blue, awarded the highest honors in three scholastic press association competitions: All-American rating by the National Scholastic Press Association, All-Southern Award by the Southeastern Interscholastic Press Association, and the General Excellence Award in the Alabama Press Association Better Newspaper Contest.

8. A distinguished and accomplished alumni eminent in the fields of the creative arts, agriculture, education, government, law and medicine.

9. A cooperative and supportive local press with excellent school-press relationships.

10. A civic-minded community, one of 63 cities selected as a Model City Center, deeply interested in the schools and school-related activities; a community where all five high schools work together readily on major fund-raising projects for mutual benefits; one of the few communities across the nation voting another school tax on itself.

Principal Joe L. Anglin and superintendent Dr. V. M. Burkett with a member of the Huntsville Senior High School Junior Class will participate in "Bellamy Week," the week of October 6, 1974 when the State of New Mexico receives the 33rd annual Bellamy Flag Award at the Los Alamos High School.

Dr. MARGARETTE S. MILLER,
Executive Director.

BEEF IMPORTS

Mr. JAVITS. Mr. President, it seems incredible to me that Secretary of Agriculture Butz can so consistently put forward policies that seem to me to injure the American consumer. Although Secretary Butz was an ardent advocate of liberal trade policies last year, when huge wheat sales to the Soviet Union were a serious element in food price increases for the American consumer, he would now reverse his free trade stance by limiting meat imports into the United States. While meat imports are only a small proportion of U.S. meat consumption such imports would help maintain the lower prices for meat that present the one bright spot in the otherwise bleak picture for consumer food prices. The administration, has argued strongly for the trade bill and a reduction of trade barriers and should not now erect barriers on just those products which could help somewhat the hard-pressed consumer.

The editorial from the Washington Post of June 24, makes this point and also deals with the larger issue of the movement toward protectionism developing among the industrialized countries in response to sharply higher oil prices. Inflation, fueled in large part by sharply higher oil and food prices, has reduced the demand for the more expensive food products, especially beef. I should also point out that unrestrained export policies drove up the price of grain, which contributed to the losses the beef producers are now experiencing.

Industrial countries are now beginning to take restrictive measures to limit internal demand and boost their exports in an effort to reduce their balance-of-payments deficits caused by oil price increases. However, it is clear that the effect of these measures will be to endeavor to shift the deficit to some other oil importing country, since at present price levels, it is not possible to shift the deficits back to the oil producers. Those of us concerned about the dimensions of this problem have warned for months that cooperative action among the industrialized countries was essential, and that the alternative was nationalistic economic policies that would be destructive of the values we had worked for so hard since 1945.

In a speech I made on the Senate floor on February 7, 1974, on the eve of the Washington Energy Conference, when the oil embargo was at its height, I said:

> Although the American people are greatly worried over the insufficient supplies of gasoline and heating oil, and the sudden and substantial increase in the prices of these commodities, we have not yet addressed ourselves properly to the more crucial problem of the increase in crude oil prices demanded by the OPEC nations, and the effect of these price increases on the world economy.

We have seen the first results of oil price increases on the Italian economy, which is on the verge of bankruptcy. However, Britain and France are also in serious balance-of-payments trouble.

The answer in each case is to restrict internal demand, limit imports, and attempt to boost exports, but as the Economist pointed out forcefully a few weeks ago, the simultaneous application of these policies by industrial countries will induce domestic recession, reduce the growth of world trade, and lead ultimately to a world depression. It is absolutely essential that we take the necessary steps to prevent a slide into protectionist measures. The United States needs to lead in this effort. Thus it is particularly depressing to find the Secretary of Agriculture leading the charge for import restrictions on meat, instead of accepting the necessary consequences of the free trade policies he has pursued.

Mr. President, I ask unanimous consent that the editorial for the Washington Post, of June 24, be printed in the RECORD.

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

[From the Washington Post, June 24, 1974]

CHOOSING BETWEEN BEEF AND OIL

Beef surpluses are now turning up all over the world, as governments begin the struggle to pay for oil. To keep the crucial shipments of fuel coming, it appears that many of the industrial countries are going to cut back on foodstuffs. In the case of beef, they are already doing it in ways that promise deep disruption of agriculture worldwide and severe harm to the producers. Each of the rich nations is engaging in a diligent effort to save itself at the expense of its trading partners. Each of the governments keeps calling for international cooperation and mutual aid and all that. But you can hardly hear their voices for the slamming of doors and the pulling up of drawbridges.

Throughout the world, the soaring oil prices are making inflation steadily worse. Not only in the United States but in all of the wealthy countries, families are reacting to this inflation by cutting back on groceries and particularly on luxuries like beef. Meanwhile governments, hard pressed to conserve foreign exchange to pay for oil, are discouraging imports of meat. A year ago it seemed as though there could never be enough meat to fill the world's rising demand for it. But the new oil prices have changed all that. Now it appears that we are headed into a serious worldwide oversupply of meat.

In the United States the cattlemen are loudly demanding protection from imports because of falling prices. In fact, imports have very little effect on American meat prices because they amount only to a trivial proportion of our consumption—last year about 8 per cent. But the cattlemen are taking tremendous losses and the administration is thrashing about in a wild competition with Congress to find appropriate scapegoats. Imports are always an easy target.

"We are about the only country whose borders are open to meat imports," Secretary of Agriculture Earl Butz testified the other day. "It shouldn't be that way. We are not going to stand by alone and be the dumping ground for excessive supplies of world meat imports." Imports mean low prices, which is good for the consumer and helps bring down the inflation rate. A year ago the Nixon administration was following that logic, but it is now apparently reversing itself.

A reversal will be extremely expensive for Australia. A year ago, when high beef prices were a source of acute political embarrassment to the Nixon administration, the United States urged Australian beef growers to step up their shipments to us. Unfortunately, beef production cannot be turned on and off like a faucet. It takes time to breed and raise the animals. Now that they are beginning to be ready for slaughter, Secretary Butz is having second thoughts. He is sending one of his assistants off to try to talk the Australians into holding back on shipments here. The Australians will doubtless reply that, because of bad weather, their shipments this year are already 20 per cent under last year. What does Secretary Butz suggest that they

do with the meat that he has now decided he does not want coming to the United States?

Well, maybe the Australians can find somebody else to take it. Say, what about the Japanese? Unfortunately, that door is also shut. Japan says that it has more beef than its consumers are buying. It also has a ferocious inflation rate and huge oil bills to pay. The Japanese government is currently issuing no more beef import quotas. Another major market for the Australians was Britain, but Britain is now part of the European Common Market. This spring Italy, another country desperately strained by oil bills, took extraordinary action to cut off the wave of nonessential consumer goods from northern Europe. High on the list was beef from Germany and France. Now the Common Market is cutting back meat imports. That affects producers not only in Australia, incidentally, but in South America as well. The beef growers of Argentina have nowhere else to ship their meat—unless, of course, they can find buyers in the United States.

While Secretary Butz is threatening to cut off American imports of beef from other countries, he is simultaneously protesting Canada's decision to cut off imports from us. Earlier this year a court here overturned the federal ban on DES, an artificial growth stimulant suspected of causing cancer. Canada, which prohibits the use of DES by its growers, banned American meat. Cattle prices have fallen sharply in Canada and some Americans suspect the Canadian government, which faces an election early next month, of having more than DES in mind. In any event, the trade in beef across the Canadian border would be minuscule, since both countries are major producers. But the mutual irritation is real and adds to the general deterioration in the two governments' willingness to work together on trade.

Under the grievously disruptive burdens of inflation and the cost of oil, the governments of the industrial countries are taking less responsibility for the stability of the world economy. They are reacting generally in narrow terms to protect their own producers and their own employment. All of them know perfectly well that their prosperity is deeply dependent on world trade. But none of them seems capable of anything more than threats of retaliation. The most depressing aspect of this series of responses is that it was all foreseen months ago by sensible and experienced men who warned their government where it would lead. If the recent troubles of the beef producers is an accurate foreshadowing of the next stage in world trade, no nation's prosperity is secure.

U.S. POLICY TOWARD LAOS: A GAO REPORT

Mr. KENNEDY. Mr. President, as chairman of the Subcommittee on Refugees I have requested the General Accounting Office (GAO) to update their previous reports to the Subcommittee on Humanitarian Problems Confronting War Victims in Indochina. One report in this series is a "Followup Review of Refugee, War Casualty, Civilian Health, and Social Welfare Programs in Laos."

This report on Laos is classified "secret." However, I have prepared a sanitized summary of the GAO report, which I would like to share with my colleagues in the Senate, because I believe it raises troubling questions over the course of U.S. policy toward Laos.

No one reading this GAO report, or listening to testimony recently presented in congressional hearings, can help but express deep concern over our policy in Laos and toward its newly established Provisional Government of National Union (PGNU), which is a coalition between the former Royal Lao Government and the Pathet Lao. The PGNU is headed by Prince Souvanna Phouma.

Despite our country's general public support for the cease-fire agreement and the new government, several indicators suggest that the intent of some of our remaining presence in Laos can only help to perpetuate old relationships and the division of that country. And this poses a threat of renewed conflict in several areas.

Mr. President, we have gone that route once before, with tremendous cost to our own country and the people of Laos as well. We must not repeat this mistake and failure of the past.

I fully recognize the difficult problems in bringing normalization and peace to the people of Laos. However, I am extremely hopeful that U.S. policy and diplomacy—and our aid and presence in the field—will do everything possible in working toward this end.

The new government must be given a chance to work. Our true remaining responsibilities in Laos and all of Indochina are not to armies or political factions, but to the people who live there—especially the millions of war victims who need our help. As the GAO report on Laos documents, their needs are real and great, and they deserve the highest priority in our relations with the area.

Mr. President, the GAO report notes that considerable progress has been made in meeting relief and rehabilitation needs among war victims in areas controlled by the former Royal Lao Government. But about one-third of the population resides in other parts of the country, and our Government must actively support international efforts to meet humanitarian needs in all parts of Laos.

Mr. President, I ask unanimous consent that the text of a sanitized summary of the classified GAO report be printed in the RECORD.

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

SANITIZED SUMMARY OF THE GENERAL ACCOUNTING OFFICE REPORT ON "FOLLOW-UP REVIEW OF REFUGEE, WAR CASUALITY, CIVILIAN HEALTH, AND SOCIAL WELFARE PROGRAMS IN LAOS, JUNE 10, 1974"

GENERAL

1. The United States has continued to assist the Royal Lao Government in providing essential services and facilities for its people and alleviating the effects of war.

2. On September 14, 1973, the Royal Lao Government and the Pathet Lao signed the Protocol implemeting the February 1973 cease-fire agreement between the two dissident forces. The Protocol spells out the details on such issues as the formation of the new Provisional Government of National Union, withdrawal of foreign troops and military personnel from Laos, and return of prisoners. In regard to assistance to refugees, article XIX of the Protocol stipulates that:

". . . the people who had to flee during the war have the right to choose whether they wish to stay where they are or freely to return to their old villages without anyone exercising this authority to threaten or hinder them in any way. Both sides will use every means to the best of their ability to help them to remain where they are or return to their old villages easily in order to earn a living and have their living conditions return to normal as quickly as possible."

3. Information from the Mission indicated there would be a transition in the [AID] program in fiscal year 1974. The AID program has been security oriented and geared to meeting emergencies, but it will shift more to reconstruction and expansion of humanitarian assistance. (Additional reference to the impact of the ceasefire and new Laos government on the AID program is classified "secret".)

4. In spite of the situation's continuing fluidity, the AID Mission has been engaged in long-range reconstruction, rehabilitation, and resettlement planning since July 1972. Two possible contingencies have been considered.

5. The first contingency envisioned a settlement wherein the current geographic division between Government- and Pathet Lao-controlled areas would be maintained. The second assumed that the Provisional Government would administer all areas of Laos and would allow free movement throughout the country.

6. AID estimates that 2 million of the approximate 3 million people living in Laos live in areas under control of the Royal Laotian Government. The remaining 1 million people are believed in Pathet Lao-controlled areas.

7. Program priorities during the next 2 fiscal years "will concentrate on assisting Laos to maintain reasonable economic stability and to provide temporary support for refugees as well as permanent resettlement assistance to the displaced population."

8. The exact amount of foreign assistance requirements for Laos over the next several years will depend on the degree to which the Pathet Lao request and accept foreign aid from Western nations for areas under their control. Regardless of the magnitude of Western aid, reconstruction and development will emphasize restoring war-damaged infrastructure and extending basic government services to the Laotians where they can be reached.

9. It is hoped that foreign assistance efforts in Laos will, over the next 3 to 5 years, be able to move from the current priority concern with refugees and reconstruction to focus upon development. Although the Lao Government does not desire to participate in a multilateral reconstruction program for all of Indochina, the Prime Minister agrees with the concept of a consultative group, as long as Laos is kept separate from multilateral aid structures which might be established for other states in Indochina.

10. In addition to moral considerations, successful settlement of the refugees is both economically and politically crucial to the Lao Government.

11. For planning purposes, the AID Mission has assumed that refugees desire to be relocated within the areas now controlled by the Government.

12. AID officials estimate that it will take 7 to 8 years to permanently resettle in Government-controlled areas all refugees requiring assistance and to make them self-sufficient.

13. The refugees include a substantial number of "former irregulars" (CIA-sponsored paramilitary personnel) and the dependents of the "former irregular forces".

14. References to the demobilization and rehabilitation of Lao armed forces is classified "Confidential".

15. Regarding public health planning, "measures envisioned by the Mission include projects in environmental sanitation, improved water supplies, malaria control, and nutrition. The Lao Ministry of Public

Health, assisted by the World Health Organization (WHO), will lead in developing these services. AID's role, as the Mission contemplates in its current posthostilities planning, will be more along the lines of support for developing rural public health services. Primary emphasis will be in the establishment and renovation of rural health centers on a tripartite basis with the Ministry and WHO. The Mission has already started some projects to improve village water supplies."

16. In addition, the projects to help the Lao Government provide medical services to the refugees and develop its own health care system will continue until the need no longer exists. The Mission told us that, in all cases, public health aspects (as distinguished from curative services) will continue to be emphasized. No timetable has been developed for integrating the Mission's Public Health Division systems into Lao Government and international health organizations' operations.

ASSISTANCE TO MILITARY AND PARAMILITARY FORCES AND THEIR DEPENDENTS

1. With the exception of two brief paragraphs, this chapter of the GAO report is classified "secret".

2. This chapter, however—as did similar chapters in earlier GAO reports on Laos—continues to document and support some independent Subcommittee findings and concerns over the use of humanitarian funds and programs as a "cover" for military and paramilitary purposes.

3. Some background to this chapter:

a. A decision to involve AID as a "cover" for support of Lao military et al—including, according to an internal USAID memorandum of January 1970, "direct military/logistical support"—was made some 10 years ago at a high level of the U.S. government.

b. Early in 1971, the Subcommittee reported that efforts were being made to remedy this situation, and that a number of "cost-sharing" agreements among U.S. government agencies were transferring portions of the AID funding responsibility to more appropriate agencies, including the Department of Defense and the CIA.

c. Moreover, a May 1971 letter to Senator Kennedy from former AID Administrator John Hannah stated: "I can report to you now that with one shift made early this year and others that will be effective at the beginning of fiscal year 1972, all of the AID financing with which you have been concerned will be terminated."

4. This current GAO report confirms previous Subcommittee findings that the assurances given by Administrator Hannah and other U.S. officials to the GAO and the Subcommittee were never fully carried out.

5. Moreover, because "cost-sharing arrangements [among AID, DOD and CIA] will cease at the end of fiscal year 1974", AID will apparently resume a funding responsibility for the support of at least some "former" paramilitary personnel and their dependents.

CIVILIAN WAR CASUALTIES AND MORTALITY

1. Except for some incomplete records on hospital admissions, no official estimates or statistics are available on the number of civilians wounded or killed during the war in Laos.

2. References to "civilian casualties resulting from accidental bombings" are classified "secret."

3. Lao civilians are injured by accidental detonations of unexploded munitions and mines, according to U.S. Mission officials. Records on the number of persons injured . . . are not kept by the Lao Government or the U.S. Mission. Additional references to this issue are classified "secret."

ASSISTANCE TO REFUGEES

1. The Lao Government estimates that the political and military conflict in Laos has resulted in nearly one million people, about one-third of the country's total population, being forced at one time or another to leave ancestral homes, villages, and farmlands. Over the years, three-quarters of these refugees either have resettled on lands where they continue their traditional farming with a minimum of Government assistance or have migrated into urban areas where they have been absorbed into the war economy's demand for manpower.

2. A twofold program has been developed to assist these displaced persons—emergency relief and resettlement.

3. Projected number of persons receiving assistance:

	Number of persons
Persons, including paramilitary personnel and their dependents, receiving assistance as of June 30, 1973	376,200
Former paramilitary personnel may be phased out of program during FY 1974	19,200
Refugees	357,000
Estimated refugees who will return to their original villages during FY 1974	29,000
Estimated refugees who will resettle on their own initiative during FY 1974	9,000
Estimated refugees who will be permanently resettled and self-supporting by June 30, 1974	15,900
Estimated reduction of refugees	53,900
Estimated refugees receiving assistance as of June 30, 1974	303,100

NOTE: This date was furnished by the Mission but was not verified by GAO.

4. The AID Mission believes that, in the long run, it will be possible to successfully resettle the refugees except for certain hill tribe groups.

5. Not all refugees will be resettled in new villages. It is assumed that because of the cease-fire many will return to their original villages while others will resettle themselves. Assistance provided to those returning to their former villages will be determined on the needs and conditions of the original village. Although refugees will be encouraged to return, no pressure such as reduction of assistance will be exerted upon them.

6. The goal of the [assistance] program is to help the refugees reach a living standard comparable to that of nonrefugee villagers. Initial surveys completed by the AID Mission indicate that, in many instances, the refugee receives better health and education services than his nonrefugee neighbors.

OTHER ASSISTANCE TO REFUGEES

1. Apart from the specific emergency relief and resettlement program for refugees referred to above, "AID supports the refugee activities through its air technical support (distribution of commodities and the evacuation of refugees), general technical support (administrative support), public health, education development projects, and programs for the development of agriculture and of the rural economy. Although these projects are intended to benefit the general population, they contribute significantly to the refugee effort. Public Law 480 commodities are also distributed to the refugees under a Government-to-Government agreement."

2. Regarding the Air Technical Support Project, previous GAO reports to the Subcommittee "stated that AID contracted with Air America, Inc.; Continental Air Services, Inc.; and Lao Air Development, Inc., to transport by air persons and supplies within Laos." The current GAO report notes that "since then the contracting arrangements have changed."

3. These changes in the "contracting arrangements" and related data are classified "secret". However, the unclassified sections of the report make these points:

a. AID's Air Support Branch is responsible for maintaining usage records for all aircraft under contract. These records are coded and summarized monthly as to which agency used the aircraft and for what purpose. Those flight hours attributable exclusively to a particular user are identified as such; however, flights for refugee purposes, such as airdropping rice, are presumed to benefit both DOD and AID and are allocated on a predetermined basis.

b. Cost allocation was 70% to DOD and 30% to AID in fiscal years 1972 and 1973. In fiscal year 1974 the cost allocation was changed to 60 and 40 percent. Both the AID Auditor General and GAO have questioned the validity of these rates.

c. Over the years, the air support project provided air transportation to areas not readily accessible by other means of transportation. Services furnished to the refugees under this project continue to generally consist of transporting (usually airdropping) food, medical supplies, housing, and other materials. Evacuation of personnel is no longer a significant use of air support.

4. U.S. food commodities *authorized* to be shipped under provisions of title II of PL-480 have nearly doubled—from nearly 8,500 metric tons in FY 1972 to more than 16,000 in FY 1973.

a. The increase in Public Law 480 commodities is the result of the Mission's target to replace part of the refugee rice ration with these commodities. The purpose of such substitution is to reduce dollar expenditures abroad for purchases of rice and protein supplements.

b. However, Mission officials state that the nonavailability of commodities limits program effectiveness. In fiscal year 1974 the Mission was informed that nonfat dried milk and cornmeal would not be provided because the commodities were not available. Both commodities are relatively well accepted in the program, according to Mission officials.

PROBLEMS RESETTLING HILL TRIBE REFUGEES

1. A substantial number of these refugees are Meo tribespeople associated with General Van Pao and the U.S. sponsored paramilitary forces.

2. They now live in heavily "congested" areas, where the population density has increased from 11 people per square kilometer in the early 1960s, to roughly 98 people today.

3. The Meo situation is "becoming critical", because they cannot at this time return to their former homes in Pathet Lao controlled areas, and because land availability in Royal Lao Government controlled areas is not enough to support slash and burn agriculture.

4. GAO states that "because of the history of U.S. Government involvement with and support of the MEO, the Mission believes special emphasis on assisting these people must continue. They feel that there is not only a humanitarian justification but a moral obligation to provide a better chance for the future of this large minority group."

5. General Vang Pao, the leader of this group, following the cease-fire in February 1973, requested special assistance from the U.S. for his people. He desired aid in terms of relocation to relieve population congestion; facilities, such as schools, dispensaries, and fish ponds, to help the people make a living and progress, and resettlement-related activities such as access roads, land clearing, and housing. The AID Mission responded by initiating a special planning effort for developing the area. We were told that several discussions have taken place between the General and AID officials. An interim report was developed, including recommendations

for specific activities and projects to be undertaken as soon as possible.

6. In summary, the AID Mission believes some combination of the alternatives outlined above [return to former homes, resettlement in "Government-controlled" areas and alternatives to slash and burn agriculture] offers the possibility of greatly relieving, if not solving, the refugee problem in the area. Mission officials have told us that it is evident that the refugees cannot stay where they are indefinitely, nor can they all be moved at present, nor will they all be able to return to their former homes. They hope to be able to implement, in some measure, each of the possible actions in the future. The rapidity with which the various alternatives can be implemented will depend upon the progress made in the Lao political arena.

NATIONAL HEALTH DEVELOPMENT

1. The U.S. has continued providing assistance to the Lao Government in dealing with civilian health and war-related casualties in Laos. This assistance has been administered primarily by AID through the Village Health and Operation Brotherhood (OB) projects under the National Health Development program.

2. The AID Mission advised us that the problem of caring for displaced persons will continue to occupy a large proportion of its resources for at least 2 more years. Now that hostilities have ceased, greater emphasis will be placed on more traditional public health and preventive medicine programs than was previously possible. Along this line, a malaria control program combining efforts of the Lao Government, the World Health Organization (WHO), and the Mission Public Health Division is being undertaken, as is a similar arrangement to develop rural public health services in Laos.

3. The basic problem is still insufficient indigenous medical capabilities to meet the immediate or long-range public health needs of the general population. The U.S.-financed National Health Development program is aimed at meeting these needs. In addition, international professional medical staffs of voluntary agencies and other countries are providing medical assistance.

4. Refugee medical care is provided primarily through the AID Village Health Project, which for many years served as a "cover" to support paramilitary forces. This Project supports "small dispensaries for which AID provides medical supplies and equipment, the training of medics, practical nurses, and technical personnel. The project also supports a 250-bed hospital at Ban Xon in north-central Laos where hill tribe refugees are heavily concentrated."

5. Some important references to the Village Health Project are classified "confidential".

6. The number of AID-supported dispensaries has decreased.

7. The Operation Brotherhood Project involves U.S. Government contracts dating back to 1963, with Operation Brotherhood International, Inc., a Filipino non-profit organization. OB has concentrated its services almost exclusively on the operation of municipal hospitals and the training of Lao medical personnel.

8. It is not possible to make a realistic projection on when the OB project can be terminated.

CONTROLS OVER REFUGEE AND MEDICAL COMMODITIES

1. Previous GAO reports to the Subcommittee documented problems involving "the use of sole-source procurement for transportation services, weaknesses in AID's supply management of refugee commodities, and . . . control over freight payments."

2. The current GAO report states that "the Mission's procedures for controlling the movement of refugee and medical commodities have not changed", and that "the controls over commodities received need improvement."

3. All cargo for Laos arriving by sea must transit Thailand. GAO states that the U.S. Mission in Vientiane continues to depend on the "monopolistic" services of the Express Transport Organization (ETO), a Thai Government enterprise, for the shipment of commodities to Laos.

4. GAO states that "AID reports claim that the [ETO] charges are excessive. Estimates on the amount of the excess range from 30 percent to over 50 percent."

5. The GAO reports primary reference to "U.S. efforts to deal with the monopolistic practices" of ETO is classified "confidential".

6. Citing "recent findings of AID's Auditor General", the GAO states: "Reviews of the Mission Public Health and Supply Management Divisions' warehousing procedures for receiving, storing, and issuing material show a definite need to improve the controls in certain locations."

7. For example, recent problems involving commodities for the Public Health Division, have included "'thievery, diversions, and weaknesses in management. . . .'"

8. GAO suggests that reforms are being implemented.

OBSERVATIONS ON GENERAL PROGRAM MANAGEMENT

1. Management of refugee assistance and aid to civilian health and war-related casualties is the responsibility of two separate AID Mission organizations—the Office of Refugee Affairs and the Public Health Division.

2. Previous GAO reports to the Subcommittee on Refugees were highly critical of AID program management practices and operating procedures, including those involving the acquisition and distribution of supplies. Little, apparently, has changed.

3. As in the past, the AID Mission in Laos manages the AID program. AID officials in Washington, D.C., control operations by approving or disapproving requests for funds and personnel to support the program. Most of the records concerning the details of program operations are located in Laos. There has been no change in these management practices.

4. The management organization of both the refugee program and the public health program is essentially the same as we reported in our 1972 reports. We inquired about possible future changes foreseen as part of the AID Mission's transition from security-related activities to humanitarian and developmental assistance.

5. The Mission said that, for the next couple of years, it would maintain the same basic organization structure. It believes it may be necessary to redefine functions if the formation of the new coalition government and its policies indicate that a change is needed. The Office of Refugee Affairs and the Office of Field Operations, however, will be combined into one office at the beginning of fiscal year 1975.

6. We pointed out in our prior reports that neither the refugee program nor the health program had adequate written operating procedures and that field personnel were left largely to their own resources.

7. Some progress was apparently made regarding written operating procedures for the refugee program. Regarding progress for the health program, the AID Auditor General reported in September 1973 that he was not satisfied. On October 6, 1973, the Mission Director told AID/Washington that management steps had been taken to put the supply system in order. The Mission believes the situation is now under control and is improving.

WE NEED YOU AGAIN, PAUL REVERE

Mr. HUGH SCOTT. Mr. President, earlier this month, State Senator Richard Snyder of Lancaster County, Pa., observed that Americans today—especially as we approach our Nation's Bicentennial in 1976—must cherish the ideals of our forebears who designed a great nation. Senator Snyder addressed the Donegal Society of Lancaster County.

I wish to share his observations with you, and I ask unanimous consent that his speech, "We Need You Again, Paul Revere," be printed in the RECORD.

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

WE NEED YOU AGAIN, PAUL REVERE

In this hallowed place, and in these bicentennial times, our thoughts return to the one successful revolution of all times—the American Revolution.

We remember Paul Revere, and his fellow rider, William Dawes, who had a simple mission: To spread the word that the British were coming.

If our nation is to celebrate its tercentenary 100 years hence, we must recruit some Paul Reveres and William Daweses for an equally important mission. It is not the British who march over the hill this time, with bayonets gleaming. We would be lucky if it were. At least we could identify the target easily.

No, this time it is a different enemy. For lack of better term, let us call them vandals—not the kind who overturn tombstones—but ideological vandals. They seek to change your beliefs and attack on two general fronts: Our freedom of enterprise, and our traditions.

It will be our effort today to show what is being done to our national fabric and why the need for counter-measures is urgent.

First: The attack on competitive enterprise.

Or to put it positively: In praise of profits.

IN PRAISE OF PROFITS

As many of you know, Frank W. Woolworth, founder of the 5 and 10 cent stores, enjoyed his early success in Lancaster—the first store of a great chain built by nickels and dimes.

Several years ago on the 90th anniversary of the founding, the Woolworth Board of Directors held a dinner meeting in Lancaster as a grateful gesture to the community. A clergyman gave the invocation, and used the occasion to bemoan what he saw as a preoccupation with profits in a world in which poverty was being eliminated too slowly. He did not quite condemn business as crass and sinful, but the general tenor was that we should scatter some wealth. There were no kind words for commerce.

The exhortation seemed out of key with the event, in my view. An opportunity had been missed. For who had done more to eliminate poverty—if that is one of our missions in life—than the late Mr. Woolworth?

By skillful buying, planning, and merchandising, he made little luxuries available to the average person. The 5 and 10 was within everyone's reach. People who previously could not afford a toothbrush, a comb, or cold cream, or a hundred other items, could buy them now. This was really lifting people from a life of denial to an enjoyment of comforts.

Our unique economy is not the work of merchants alone—the Woolworths, Wanamakers, Sears and others. There are the inventors: Edisons, Graham Bells, Wrights. The mass producers: Fords, Eastmans,

Gillettes, Kellogs, Singers. The advertising men: Bartons, and Thompsons. It is the combination of these talents, and their resourcefulness and persistence, which brought us comfortable homes, varied food, greater travel and—if we seek it—greater wisdom.

Our wealth per person has been rising for years, and poverty—as measured by living standards or income—has declined from about 50% at the turn of the century to less than 10% now. Indeed, it was the dynamic nature of our economy which raised the living standards rather than any formal disbursement of wealth through poverty programs.

One common denominator runs through all this individual and collective enterprise: The need for a profit. Without it, production fades and poverty flourishes. With it, the engine turns and the trip begins. It is incentive—everyman's hope for a better life for his family—that puts the gleam in the eye—the idea in the brain—and the drive in the muscle.

DO WE UNDERSTAND THE SYSTEM?

A system which provides more for its people—more material goods AND more leisure—and at the same time permits every citizen the most freedoms—should have everyone rising, applauding and cheering in the aisles. As Lawrence Welk would say: "Wunnerful, wunnerful." One would expect our learned scholars to write treatises in support of such a society, with praise of matchless achievement.

Not so, I regret to say.

In the first place, there is crushing evidence that most Americans don't understand the system, and have a growing lack of confidence in it.

A MAN FROM MARS

As a matter of fact—

If a man came down from Mars to spy on the earth, and returned to Mars to report:

That in one nation on earth
The citizens had more comforts and liberties
Than in any other land on earth
But that the system which produced this abundance
Was being disparaged by its intellectual elite

He would be told to go back and check his report for accuracy.

"No" the man from Mars would insist,—he even checked the poorest county in the poorest state (Tunicia county, Mississippi) and 52% of the families in that county have TV sets and 48% have automobiles. By contrast, the people of India, China and Russia have far less of either. He further reported that 99% of the homes in America are electrified, and medical progress has raised the life expectancy by 10 years in our lifetime.

Yet in spite of this, the man from Mars would report, scholars and communications people who were themselves enjoying all this were undermining the system. Some thought so poorly of profits they wanted to eliminate them entirely.

If Mars is anything like the earth, his report was submitted to something called the Planning and Research Council of the Planet of Mars. That Council would probably do as we do in Harrisburg with a report we don't believe, or don't like: Pigeonhole it, and praise the research man for his "sincere effort". On Mars they probably sent him to Venus for a "much needed rest."

FOUR MISCONCEPTIONS ABOUT BUSINESS

Is it as bad as we think? So that my facts were up-to-date I called the Opinion Research corporation at Princeton, which takes random samples of what Americans think of business.

The results were as bad as I thought, and are getting worse.

Let me zero in on four misconceptions which are current about the American economy.

(1) "Business profits are excessive."

Wrong. Why do people believe that? Because people think profits average about 28%. What do manufacturing corporations profits average, in fact? Between 4 and 5%.

(2) "Business should pay more taxes."

I doubt the wisdom of this. Few realize what business pays now. For example, last year Armstrong Cork Company, on about $800 million of sales, had net profits of $55 million, after it paid taxes of $74 million. If taxes had been lower the company could have reduced the price of its products, expanded its plant to produce more, or paid its shareholders more in dividends—or all three.

There is a mistaken belief that if you tax business you are relieving the individual taxpayer. Not so. Business must pass its tax costs along to the consumer. This is one of the reasons you pay so much for a loaf of bread. There are 161 hidden taxes on bread between the wheat field and the check-out counter.

So perhaps you can tax business more, but my belief is that we have about reached the limit on that. Increase them and in truth you tax the consumer.

The third misconception:

(3) "That the economy needs more government regulation." Do we really? I think we have too much now.

"Step in," when crises arise. But as Governor Reagan has said: "Government can hardly wait to 'step in'." The trouble is that it generally makes a mess of things. Furthermore, if you know bureaucrats, you should know they are unwilling to reverse the step and leave. Especially to leave a job.

Yet opinion research polled four types of activists (church-affiliated, environmentalists, corporate social activists and educators) and found that more of them think people have a better chance to improve themselves through the help of government than through the workings of the competitive enterprise system.

Eleven years in State government have convinced me that this point of view is suicidal. Government too often has erratic leadership. You cannot pin responsibility. Government is not aware of costs or if it is, it does not seem to care. Diligence is often ignored while flamboyance is rewarded. Government thinks short-range when long-range judgment is needed.

It will be said that business is not perfect either, and this is true in an imperfect world. But we can have more confidence in a system in which each decision is related to the career of the decision-maker. There is some answerability, some sense of money value before action is taken. Industry can't talk its way out of red ink, but a deficit doesn't worry a government. It simply asks for a deficiency appropriation.

Governments are spenders. Businesses are creators. For the sake of the average man (who is both consumer and tax-payer) we need more business advice to government, and less government interference in business. There is currently a grave imbalance.

Business is the consumer's friend and the executive branch of government is the taxpayer's bane. This is because business must economize to make a profit, and to remain solvent. Government must spend if it expects to get more next year. However watchful we lawmakers may be, the bureaucrats will squirrel away this year's money in purchases, payroll or consulting services to assure enlargement of their empire. A government agency hates left-over surplus like nature abhors a vacuum.

The fourth misconception:

(4) We do not need to produce now, all we need to do is to divide it differently.

This is the greatest heresy.

It would seem fundamental that if you want a bigger share of the pie, the obvious solution is to bake a bigger pie.

There was a time when the public agreed. In 1948, for example, 43% of the people who had an opinion on the matter said we should produce more if we wanted to raise the standard of living. Only 27% thought it more practical to seek more out of existing production.

The latest poll shows a complete reversal of viewpoint. Almost twice as many say, in effect: Divide the pie differently. Only half as many say: Bake a bigger pie.

IS IT SERIOUS?

If you agree with me that the system of competitive enterprise is a good one—that profits are essential—that overfixing is dangerous—and that more production is the only way to raise our standard of living even further—

If you believe the Public Opinion figures on the changing beliefs—

You still may ask: Is it serious?

Barry Goldwater, who spoke to the Society here several years ago, is now warning that anti-business legislation is a "clear and present danger" to the enterprise system. I'll take his word for it. He is in a unique position to know how Congress would react when the public holds such misconceptions. Our economy could be shackled quickly in such a climate.

Why have competitive enterprises and profits so few friends? Even though both sides of society—profit seeking and nonprofit—depend upon profits, the non-profit element seems almost hostile. Why? Is it envy? Ignorance? Fuzzy thinking? Subversive efforts?

Whatever it is, we need some Paul Reveres to warn of this vandalism in the sphere of ideas. The time is late. The need is urgent.

IS THE NONPROFIT AREA EFFICIENT?

In any contrast of business and the nonprofit sector of the economy, there are several other worries.

One is: Are we getting our money's worth out of public spending?

The other: Is the nonprofit side of the economy using unreasonable amounts of the gross national product, all of which is produced by the profit side of the economy.

In state government, we spend over half the general fund for education. We are proud of our schools and colleges but the consistently declining Standard Achievement Test scores compel us to ask: Are we getting what we are paying for? Remember it is the educators themselves who developed these measures of testing. We are entitled to their explanation.

The next biggest lump expense is welfare. When the federal government sampling shows that 24% of the people in Pennsylvania on public assistance are *overpaid* through loose administration and 16% are completely *ineligible*—they should not be on the rolls at all—we are entitled to wonder what could be saved if it was operated by business standards—where the difference between profit and loss can be less than 5%.

As for general government expense—the growing army of clerks, inspectors, typists, and others—we see Parkinson's law in operation: that declining efficiency seems to parallel an increase in payroll.

We recall Pope John's answer when someone asked, "How many people work in the Vatican?" He replied, "About half."

Yet the non-profit side is annually taking a bigger slice of our total output, and we ask ourselves how long this trend can continue. Killing geese that lay golden eggs is unwise. The vandal who is upsetting the balance between the profit and the nonprofit areas is endangering both.

A paradox of these times is this: Even though the government performs its own primary duties poorly, each new social ill brings a cry for some new form of government meddling.

"Throwing money at a problem" is eternal futility. It creates career people with a vested interest in keeping the problem unsolved. The late H. L. Mencken said: "For every problem there is a solution; simple, neat, and wrong." When the solutions depend predominantly on the government, I agree.

TRADITIONS ARE VANDALIZED TOO

The vandalism extends to the traditions of America—patriotism, religion, home and family—pillars of our land from 1776. Yes—even back to 1620.

Even in the past four years, polls by Daniel Yankelovich show that young people place less and less importance on personal morality, religion, patriotism and hard work. Worse still, it is the *college* students who place an even lower value on them than the average of youth.

The vandals of the media are part of this problem. On July 4, 1971, while Vietnam was in progress, I listened to the NBC evening newscast over WGAL. One might have expected some story of valor or sacrifice; something to lift one's heart in praise of America's soldiers. Something that recalled: "I regret that I have but one life to give" or "Surrender? We have not yet begun to fight."

Not a word. The first two news items were counterpatriotic. One concerned disciplinary trouble in a Marine Boot camp, and the other was an oblique reflection on army brass. They were the sort which an enemy of the United States would have wanted as a psychological undercut at the home morale.

Even the courts have become a party to reversal of tradition: The flag salute cases. The school prayer cases.

You might assert that individual rights deserve to be protected, and what choice do the courts have but to determine them?

This is arguable. Dean Erwin Griswold, Solicitor-General under President Johnson and then under President Nixon, felt the school prayer case would have been better left undecided. Just because an atheist wanted to litigate the matter is no reason why the nine black-robed justices of the Earl Warren court had to render an opinion. They could simply have denied a hearing and that would have been that. No confusion in a hundred thousand schoolrooms. Just a morning prayer.

Let us recall that our nation was founded by those who believed devoutly in God, in worship, and in prayer.

It is worth remembering that 48 of the 50 states refer to a deity in their constitutions. That the Pilgrims, on landing, wrote a compact which began: "In the name of God, Amen". . . . Our coins have historically borne the legend "In God we Trust." Our Congress and legislatures open daily with prayer. Even our Courts convene after hearing the words: "God Save the Commonwealth, and this honorable court." Yet now, no school prayer.

Matters of deep conviction are rarely aided by narrow inspection. Submit a sentimental appeal to logic and its red, white and blue turn to gray. It is like putting Miss America, with all her glamour, back of an x-ray machine. It is still the same person, but reduced to medical terms, the charm has been lost.

So it is with these values which you, here in Donegal church, hold dear.

Campus vandals and Media vandals, with the bemused help of innocents, will extinguish sparks of inspiration wherever they turn up. And be quite arrogant about it, too. When the head of NBC was asked about the two July 4 news items I mentioned, his reply, in effect, was: "We don't make the news; we just tell it." Wrong. As David Brinkley said on another occasion: "The news is what we say it is."

There is a group of ideological vandals who deserve to be separately identified: The Schools of Social Work. They would chip away at the "Work ethic."

For example, in the 1960's it was Professors Piven and Cloward who urged people to apply for welfare and swamp the public assistance rolls. This school of thought advised against doing what was called "menial work", ignoring the time-honored American concept that any necessary work is honorable and deserves better than to be described in derogatory terms.

When the cost mounted, the solution was to spend more. In other words: to solve the problem of the burning haystack, pour on more hay.

WHAT WE CAN DO

What can we do about all this?

Tell your colleges you want a stop to disruptive factions. An inquiring approach to life, yes. A tearing-down of what has been built up, no. Put a comment with your alumni contribution. Let the college president answer.

Tell your social welfare-minded friends to be realistic about their views. Tell your United Fund you want the needy cared for, but you want no funds spent to invite dependency.

Tell your public officials you want economy, efficiency, a tight budget, less regulations, and a freer economy.

Tell your TV and radio stations you want them to speak up in their status as affiliates and not to let the big networks in New York dominate their policy . . . and your screen.

Perhaps, as a partial remedy, before we send our youth to college to be indoctrinated, we should warn them against the typical academic hothouse plant, Associate Professor Leftwing, all charm and no experience, mostly personality and little substance, and all his adult life on a campus, either as student or instructor.

Encourage students to ask this charmer, if he teaches political science, when he last ran for public office. Or, if he teaches economics, when he last succeeded in the business world in any capacity? Unfair? Well, no more unfair than for him to warp young minds against the very system which paid for the building in which he teaches. It was state taxes or business profits which provided his latest fringe benefits, you may be sure.

Paul Revere we need you again.

Change your slogan to "The vandals are coming", or better, "The vandals are here."

The vandals may be more covert than those who stormed into Rome centuries ago, but they may be more lethal.

They would deride the spark which has produced so much, and preserved our freedoms.

Yet we see an erosion, a sly siphoning off of the qualities which made America.

It behooves us to unmask them, to rebut their false theories, and to put history in true perspective.

It would be supreme irony if—in this age when we are saving the environment and are conscious of ecology—we should fail to preserve fundamental truths and the inspiring traditions which made America.

If we could pierce the veil of eternity and give, in one sentence, to each of our founding fathers a message they would be most interested in hearing about their America, what would we tell them?

I have my own replies. Let me call the roll:

Patrick Henry, Orator: The liberty you championed is now enjoyed by 200 million Americans.

Tom Paine, Pamphleteer: America has a free press in every sense of the concept.

Ben Franklin, Inventor: The energy which you caught on your kite, called electricity, now illuminates nearly all American homes.

James Madison, Federalist: Your thirteen colonies have expanded to 50 states and the federalist system is an enduring reality.

John Marshall, Jurist: The constitution into which you breathed life is still well and has been amended only 26 times in nearly 200 years.

Alexander Hamilton, Economist: Our banking system is thriving, and half the economic activity since the world began has taken place under American auspices.

James Monroe, Statesman: Your doctrine has succeeded; every Latin American nation is free and independent and so are the islands of the Carribean.

Robert Fulton, Steamship developer: Ocean liners a thousand feet long ply the seas and, more amazingly, airliners carrying hundreds of persons fly the skies.

Thomas Jefferson, Farmer and University founder: America's farmers outproduce Russian farmers 4 to 1, and in the field of education, every American child has an opportunity.

Nathan Hale, Hero: A Million Americans have died in the service of this nation, as you did, to save its freedom and the freedom of other lands.

General Lafayette: The help you gave America has been returned in two world wars. France is free and America is free.

George Washington: The nation you fathered is first in strength among the nations, first in generosity among nations, and today is the peacemaker of the world.

Paul Revere: You served America well with your message in 1776; today we should do the same with the central truths of our times.

The time is ripe for a thousand Paul Reveres.

NEW ACT FURTHERS ABILITY TO BETTER REACH GOALS OF ENERGY SUPPLY AND ENVIRONMENT

Mr. RANDOLPH. Mr. President, Presidential approval of the Energy Supply and Environmental Coordination Act of 1974 is welcome news. It means that we can begin to make the first adjustments necessary to accommodate our lives to the achievement of energy self-sufficiency.

This act was developed by the Congress over the past 8 months subsequent to the imposition of the Arab oil embargo. That embargo has now been lifted but the United States must never again see an energy-supply disruption like that which occurred during embargo days. The embargo emphasized that the American people cannot and must not continue to depend on foreign sources of petroleum to compensate for domestic supply-demand deficits. Instead we must move over the long term toward a greater reliance on coal and nuclear electric energy.

The Energy Supply and Environmental Coordination Act of 1974 was never intended to represent the final reconciliation of environmental and energy supply issues. It is, instead, the first congressional action toward establishing a balanced and equitable approach to eventually achieving both energy self-sufficiency and a major degree of environmental quality enhancement. For these goals

are mutually desirable and mutually attainable. Moreover, they can be simultaneously achieved without compromising either the economic strength of our Nation or the goals of national environmental policies.

This act permits the conversion to coal of some electrical generating plants now fueled by oil and natural gas. This authority also includes the necessary environmental safeguards to assure that public health is protected by such conversions to coal.

In addition, the act adjusts the timetable for compliance with automobile emission standards. This, too, was done with the knowledge that continued progress will be made in reducing pollution from motor vehicles.

The Energy Supply and Environmental Coordination Act of 1974 is not the final answer to either energy or environmental problems, but I hope it will stimulate us to continue our efforts to accommodate both fields in our national policies.

We were informed yesterday that the United States last month suffered a balance-of-payments deficit of $776.9 million. A substantial portion of this deficit can be attributed to the high cost of imported oil. This bill provides further impetus to cutting imports of foreign fuels.

Congressional activity in the environmental and energy fields is steadily moving forward. The President, by signing the Energy Supply and Environmental Coordination Act of 1974, enables us to cope with one aspect of the short-term and intermediate-term problems. It is a beginning. In the future we will build on this action in a responsible and effective manner toward increased energy self-sufficiency for the benefit of all the American people.

INFLATION

Mr. GOLDWATER. Mr. President, today's newspaper headlines focus attention on the misbehavior of about two dozen individuals who worked on the campaign to reelect President Nixon.

Tonight's television news will give us more information on the truce in the Middle East.

There may be new developments in the Patty Hearst kidnap case.

All of these items are newsworthy, but they have very little bearing on the future of the Republic or the welfare of its people.

When Abraham Lincoln was running for the office of President of the United States there was one overriding public concern: the extension of slavery into the new territories. And Lincoln, recognizing that this was the all-important issue, devoted all of his attention to that one subject.

Today, every American family, every business enterprise, every professional practice, every man, woman and child in this Nation, stands in deadly peril.

Inflation threatens to destroy all that we Americans hold dear.

We are all familiar with the statement that "the power to tax is the power to destroy." It is equally true that the power to spend—if unwisely exercised—will destroy any nation, reduce its people to privation and want, and prepare the way for the establishment of a dictatorial, all-powerful central authority.

It was inflation in Germany after World War I which destroyed the Republic and led to the rise of Adolf Hitler.

It was inflation in Italy which created Benito Mussolini. And it is the Government's expansion of the money supply which causes inflation.

For almost 50 years wise men in the councils of government and commerce, and in certain of our universities, have warned us—and their warnings have gone unheeded.

Why? Because inflation is the great pretender, because inflation, like a tranquilizing drug, has given us a pleasant sensation of well-being.

Our pay checks are fatter, and we like that.

If we own property, it has increased in value, and we like that.

If we are unemployed, we can turn to the Government for support, and we like that.

If a tornado strikes, we turn to the Government in order to rebuild, and we like that.

When the chicken farmers had to destroy their birds because they constituted a threat to public health the Government covered their losses, and they liked that.

New money dumped into the economic system by deficit financing has helped us to indulge our appetites beyond our ability to pay, and we like that.

But, my friends, the day of reckoning is at hand.

The Federal debt stands at more than $438 billion. The interest cost amounts to more than $24 billion a year.

The Keynesian economists have controlled our national thinking since the election of President Franklin D. Roosevelt.

What does it matter if we go into debt? We owe the money to ourselves, don't we? And all the money is right here, except for the $150 billion or so we have sent overseas since the end of World War II. What is wrong with inflation?

I will tell you what is wrong. Inflation destroys real value.

And, I will tell you what else is wrong. The Congress of the United States, which is and has been dominated by radical-liberals, has continued to appropriate and spend money that we do not have. This is the real fuel under the fires of inflation in this country.

Once the paper currency of the United States was the standard of the world. It was backed by gold and silver. Franklin Roosevelt took us off the gold standard, and his successors have taken the silver out of our coins.

In the 24 years between 1948 and 1972 the American dollar lost 43 percent of its buying power.

In 1945 you could buy grade A sirloin steak for 41 cents a pound. Today it will cost you a dollar and a half a pound.

In 1945 you could buy a pound of weiners for 29 cents. Today a 12-ounce package will cost you 69 cents. In 1945 a Cadillac car cost less than $4,500, with all the extras you could put on it. Today that car will cost you over $9,000.

But wait a minute, GOLDWATER, the defenders of inflation will say, wages have gone up, too. Profits are up—there is more money in circulation. The average per capita income has increased, and so it has, but not equally—not for everybody.

The increase in the paper money supply, printed by the Federal Government, has created a false sense of well-being. Money which is not backed by gold or silver has no intrinsic value, it is merely a convenient medium of exchange.

In Arizona's early days a gutsy pioneer by the name of Charles Poston presided over a colony of miners down along the Santa Cruz River. For convenience, he printed a medium of exchange. Because his employees were mostly illiterate, he identified his tokens with drawings of sheep and cattle and horses, and using these tokens in exchange for goods was more convenient than a pure system of barter.

Productive capacity determines a nation's wealth—not the amount of money in circulation. When the government increases the supply of money by $10 or $20 billion it merely reduces the buying power of the dollar—it robs every holder of dollars of a percentage of that value.

The price of anything we need or use or desire is determined by the amount a willing buyer will pay to a willing seller in exchange for those goods or services or property or whatever. But this is true only in a very limited sense.

The factory worker on the production line in Detroit cannot grow his own grain to make his own bread. His wife cannot spin cotton to make his clothes. Willing or not, he must pay the price the grocer demands for food, pay the price the clothier demands, pay the rent the landlord sets, buy gasoline for his car, hire a doctor to take care of his children, and pay the taxes the government demands.

In February of 1970, President Nixon proposed a budget of $202 billion. He projected spending of $200 billion, and a budget surplus of $1.3 billion.

This year the President is proposing a budget of $310 billion—a proposed increase in 4 years of more than 50 percent.

And where will this money come from? From the Government printing press—through the elaborate manipulations of the Federal Reserve System—we will borrow $20 billion, and perhaps more.

American productivity this year has increased at an annual rate of less than 3 percent.

If we are to control inflation before it destroys the American system, before it reduces all Americans to poverty and dependence, before it creates a crisis which will pave the way for a new dictator, Federal spending must be reduced, and productivity must be increased.

To be sure, there are other factors—union labor contracts with escalation clauses which require wage increases when the cost of living increases. These are self-defeating because when the cost of living increases and then the wages increase the cost of living merely is increased further. But the unions are not to blame. The working people of America are not to blame. They are entitled to a

proper place at the table of our abundance.

To be sure, the increased world price of oil imposed by the oil-producing nations has tremendously increased our cost of transportation. But long before the Arabs raised the price of oil we had embraced inflation as a national policy.

Since 1933 the Democrats have controlled the Congress of the United States for all but 4 years, and the single major cause of the inflationary spiral is Federal deficit spending—borrowing money to pay for programs which the Congress believes will please the people.

One of the great beneficiaries of inflation is the Federal tax collector. If a family in 1945 had $6,000 in income, and paid $600 in Federal income tax, and now has a family income of $12,000, he pays at least twice as much in Federal income taxes. The respected economist Henry Hazlitt has said:

> The politicians, and alas, the majority of the rest of us, have kept inflation going because of the false theory that monetary inflation is necessary to secure and maintain full employment. What we have not realized is that once we embark upon this course, the inflation must be accelerated expotentially in order to have the same stimulating effect. The inflation must always exceed expectations whatever they are.

A week or so ago Arthur F. Burns, Chairman of the Federal Reserve System, stated bluntly that:

> Continued high rates of inflation are threatening to bring a significant decline in economic and political freedom for the American people.

He said the increase influence of Government already is undermining private initiative.

> The public nowadays expects the government to maintain properous economic conditions, to limit such declines in employment as may occasionally occur, to ease the burden of job loss through illness or retirement, to sustain the incomes of farmers, homebuilders and so on.

And then Arthur Burns said:

> The growing Federal involvement was largely responsible for the current inflation which could lead to ever more government controls. Federal spending has increased 50 per cent in the past five years.

And Burns said the effect of excessive Federal spending is that wages and prices have become less responsive to the discipline of market forces and inflation has emerged as the most dangerous economic ailment of our time.

George Orwell's "1984" is closer than we think. Let me remind you what Alexis de Tocqueville had to say about the absolute power of goverment. In 1830 he wrote:

> Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications and to watch over their fate.

What a perfect description of the welfare paternal state.

De Tocqueville goes on to say:

> That power is absolute, minute, regular, provident and mild. It would be like the authority of a parent if, like that authority, its object was to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood. It is well content that the people should rejoice, provided they think of nothing but rejoicing. For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness. It provides for their security, foresees and supplies their necessities, facilitates their pleasures, directs their industry, regulates the descent of property and subdivides their inheritances—what remains but to spare them all the care of thinking and all the trouble of living?
>
> The will of man is not shattered, but softened, bent and guided; men are seldom forced by it to act, but they are constantly restrained from acting. Such a power does not destroy but it prevents existence. It does not tyrannize, but it compresses, enervates, extinguishes and stupifies a people, until each nation is reduced to be nothing better than a flock of timid and industrious animals, of which the government is the shepherd.

My friends, what is the answer? What is the solution? It is time to pay the piper. Deficit spending must be stopped. Federal expenditures must be reduced. Productivity must be increased before the threatening shortages engulf us. We need a Congress with the courage and the determination and the understanding to act now. There is work to be done.

THE CACHE RIVER PROJECT

Mr. McCLELLAN. Mr. President, a very controversial Corps of Engineers project is the Cache River project in Arkansas.

A great deal of misinformation concerning this Cache River project has been circulated through the national media. Inaccuracies have been so repeatedly published that many interested citizens have been misled into believing them to be correct. To clarify some of this misunderstanding, I ask unanimous consent that an article entitled "Cache River Project To Preserve Woodlands" be inserted in the RECORD at this point.

Mr. President, a very controversial Corps of Engineers project is the Cache River Project in Arkansas.

A great deal of misinformation concerning this Cache River project has been circulated through the national media. Inaccuracies have been so repeatedly published that many interested citizens have been misled into believing them to be correct. To clarify some of this misunderstanding, I ask unanimous consent that an article entitled "Cache River Project To Preserve Woodlands" be printed in the RECORD.

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

CACHE RIVER PROJECT TO PRESERVE WOODLANDS

The most lopsided environmental issue the Commission has had, or probably ever will have, under consideration is the Cache River controversy. It undoubtedly is also the most misunderstood.

On one side is the preservation of 70,000 acres of additional woodlands. On the other side there is no guarantee for the preservation of a single acre of woodlands which would be in addition to those which have already been acquired by the Game and Fish Commission.

There are, of course, other elements of the environment which are in addition to woodlands. But when all the woodlands are gone, virtually all other desirable elements of the natural environment are also gone.

The woodlands serve as the only buffer in the Cache River Basin between damages from increases in siltation and insecticides and other agricultural chemicals and damages from decreases in wildlife habitat; declines in the water table; and deterioration in air, water and scenic quality.

Although originally widely disputed, it is now generally conceded that economic pressures are strong enough to place in jeopardy every remaining acre of privately owned woodlands in the entire Basin, even if the ditch never were completed.

The woodlands that have not been cleared are located on land that is no lower in elevation, or no wetter, than some other previously wooded tracts which have already been cleared and placed in cultivation. The risks to growing crops in the Cache River floodplains are great, but these risks are not sufficiently great to prevent the woodlands from being cleared.

In some places levees have been constructed around some of the wetter land, and pumps have been installed to keep the cropland dry during the crop growing season. Now that the price of soybeans is about double what it was a couple of years ago, additional clearing will be speeded; and leveeing and pumping will be increased.

The Commission, at its July, 1972, meeting, discussed the Cache River Project. At that time there was some feeling that the Commission should join the opponents to the project. Instead, the Commission instructed its Environmental Preservation Division to direct its efforts toward obtaining mitigation which would be in addition to the 30,000 acres of woodlands which had been proposed at that time.

Senator McClellan and Congressman Alexander were joined by all other members of our congressional delegation and, aided by some conservation interests and the Governor, succeeded in obtaining the authorization for the perpetual preservation of 70,000 acres of woodlands in the Cache River Basin. The most significant part of this authorization was the requirement that no less than 20 percent of each future appropriation for the project must go for mitigation until all authorized mitigation is completed.

It is no wonder that the project has become a contested issue. Nor is it any wonder that the project is still so widely misunderstood even though valid objections for opposing it no longer exist.

When the tempo of the opposition was being developed, there were only 30,000 acres of woodlands being offered as mitigation, and there was no assurance that even that amount could be obtained. The ditch had been authorized, but the mitigation had not.

To make things worse, past performance of the Corps of Engineers in actually providing mitigation lands that had been previously authorized was disappointing, to say the least. (The Corps, however, had purchased and made available to conservation interests land in connection with Corps projects and lands in lieu of projects and had provided costly mitigation in supplying trout fishing to compensate for losses in warm water fishing.)

Considerable misunderstanding emerged over the number of acres remaining in the Basin. Even the Corps had failed to realize the rapidity with which woodlands were being destroyed and how little remained.

One state agency, in all sincerity but lacking up to date information, estimated that "about 294,000 acres of woodlands will be subjected to clearing by landowners as a result of the project." With estimates like this coming from responsible public agencies, one can hardly blame some of the emotionally oriented recent devotees to environmental protection for adding a few wild and inflamatory exaggerations to an already muddled situation.

The fact is that the number quoted by the agency (294,000) is almost twice the acres of woodlands remaining. Those remaining

are systematically being cleared for conversion of the land to row crop production.

Regardless of what has transpired, all should turn out satisfactorily. About as firm assurance as the Congress of the United States can provide has been received that 70,000 acres of woodlands will be preserved.

Both the proponents and opponents to the project can claim a part in getting more mitigation than originally proposed. It would seem that both sides could now join in a concentrated effort to preserve, by all available means, virtually every wooded tract that does remain—and precious little remains.

In addition to patches of woodlands near the river, a considerable portion of what does remain lies in isolated tracts of various sizes located a considerable distance from either Cache River or Bayou DeView.

Even the small isolated wooded patches, which dot the landscape, are worth saving. In fact, they are probably more valuable for the preservation of environmental quality on an acre per acre basis than larger tracts.

Yet the important issue is not whether a tract of woodlands bordering the river is more valuable than one away from the river or whether a small tract is more desirable on an acre per acre basis than a large tract. The important thing is to work to preserve all wooded remnants within the Basin—regardless of size or location.

Although it may be ironic, the only real hope of preserving a substantial part of the remaining woodlands is in connection with the Corps project.

The Commission, therefore, approved sending to the Governor an endorsement of the Cache River Project, as presently authorized, contingent upon approval of six requests for additional mitigation and safeguards for the quality of the environment. (See March Monitor.)

Mr. McCLELLAN. This article appears in a publication of the Arkansas Department of Pollution Control and Ecology and was written by the staff of that department, the Arkansas agency directly responsible for preserving the Arkansas enviromnent.

Mr. President, too often in our complex society, misinformation becomes the basis for decisions affecting large numbers of people. This article reinforces the opinion that I have held for several years that—

Although it may be ironic, the only real hope of preserving a substantial part of the remaining woodlands (in the Cache River Valley) is in connection with the Corps project.

If the corps project is not executed and implemented with the mitigation features, these woodlands will soon be irrevocably lost.

HEARTBREAK OF THE HARD-OF-HEARING: FLORIDA HAS ITS PROBLEMS TOO

Mr. PERCY. Mr. President, I feel compelled to respond to the remarks last week of my friend and colleague, the distinguished senior Senator from Florida—my native State—concerning problems of the hearing-impaired in this Nation. In his remarks on the floor, June 11, my colleague asserted that questions I have raised about certain practices by some hearing aid dealers throughout the country impugned the reputations of all hearing aid dealers. He said that I have been "damaging" the very persons I want to protect.

Let me say first that nothing could be further from the truth. The majority of hearing aid dealers in this country are honest, faithful servants to the hearing-impaired as I have stated frequently. It is the relative minority, about whom not only have I seen numerous complaints, but Senator GURNEY himself tells of complaints. These grievances concern me and should concern the Federal Government. I might add, that the senior Senator from Florida said that he has seen only a very few complaints from persons with hearing aid problems. Since his own constituents have been writing me in recent days I will append to my remarks today some of their letters.

I have not attacked the hearing aid industry. In my letters to the Food and Drug Administration and to the Federal Trade Commission, asking them to study the many problems brought to their attention, as well as mine, by badly served hearing aid users, my central concern expressed involved hearing aid dealers—not manufacturers. And then only that minority of dealers who ill-serve the hearing-impaired.

I need only call attention to studies made by various organizations which were appended to my remarks on the Senate floor on June 11. These studies clearly indicate what I suggest in my statement: that there are hearing aid dealers in this Nation who are poorly serving those who are hard of hearing, and by so doing are rendering a disservice to the hearing aid dealers of good standing throughout this country.

I invite the attention of the senior Senator from Florida to a letter to the Federal Trade Commission from one of his own constituents in Ocala, Fla., complaining very specifically about a hearing aid dealer in that area of his State. Let me read briefly from this letter. The Senator's constituent writes:

My own latest experience is as follows: There appeared in a local paper an ad, featuring a new "miracle" hearing aid. I responded to it as all nerve-deaf people are desperate for help in the hope that finally something new had actually developed.

On my visit to their office no mention was made of the "miracle" thing, but upon a hearing test I was told that a certain brand hearing aid would be the one for me, and that the cost would be $595. A demonstration was given me and to my greatest surprise I found untold results. I could hear and understand clearly, from the front, the sides and even from the rear without the slightest help of lip reading. Naturally I was enthusiastic over those results and placed an order for a unit, custom-made according to my hearing chart, and felt sure that now I had the answer I had searched for for years. It would seem logical that a custom-made set should be even better than the mere demonstration set.

But to my further, but sad and deep surprise, when this custom-made set was delivered to me it bore no relationship to the "demonstration" set, in that it brought no results whatever. When the man fitted it to my ear, asked how it was, I could not understand him, I told him that his voice was all over the place and I could not understand a word he was saying. In other words, this set was no better than any. The thing to wonder is why a mere demonstration set could give such amazing results and the custom-made set no results at all. After much action they finally offered me a refund of the purchase price, less $100. I refused that and insisted on a full refund because the value of the thing was zero. One is amazed how a business is allowed to flourish as this one does, without any control or restriction, and without standard business ethics or responsibility. It seems fairly impossible in a country like this, and I felt the impulse to report it and the facts as they are.

In his statement, my colleague suggests my remarks are based on broad generalizations. In fact, there is nothing at all general and everything specific about the complaints that I have reviewed and the criticism that I have made. Let me read, Mr. President, from a letter to me sent by a senior citizen from Fort Myers, Fla. The problem this gentleman points up are as tangible and concrete as problems can be:

At the age of 81, I found that I was having trouble when attending a luncheon or dinner at a public affair, hearing the conversation from ladies seated on the opposite side of a table. This was partly due to the noise from the conversation in the hall at other tables, from waiters, music, etc.

A test of my hearing during an annual physical examination had shown that my left ear was the cause of the trouble . . . the right ear was much better.

So I went to an office that sells hearing aids, told the manager of my problem. He gave me a test on a machine and told me that I should have a hearing aid for *both* ears. This I didn't think necessary.

He recommended a model that I didn't like, as I wanted one that went into the ear and was scarcely noticeable. So a mold was made for a $30 charge and finally I was fitted to the tune of over $300.

Much to my dismay, I found that all it did was to pick up other noises, when I attended group dinner meetings, and did not serve the purpose for which my purchase had been made.

When I complained, he told me that he now had a "directional model," which shut out other noises. It would cost me $100 more to buy it. As my present aid was fitted for me, it would not be a good trade for him to take it back. He told me that if I wore my present aid for 30 days, I would get accustomed to it. I wore it out of his office and the noise from the high winds and auto traffic nearly drove me crazy.

I have read in a Consumer's report since I made this purchase, that the material in a hearing aid cost less than $20. So someone is making an "Import Profit" as the newspaper report shows. I do not think it is the manufacturer, as the brand I bought was made by a reputable firm in the field of electronics.

These complaints, and many others like them, make it clear that problems with certain hearing aid dealers are occurring far too frequently for me to remain silent any longer.

Nor would it be fair to say that I am the only one interested in the problems of the hearing impaired. In fact, the Federal Trade Commission has filed complaints for misleading advertisements against several hearing aid manufacturers. The Federal Trade Commission has also filed antitrust complaints against some manufacturers for alleged violations of antitrust law.

In addition, and more recently, the Department of Health, Education, and Welfare has focused its attention on the problems of the hearing impaired. An intra-agency task force has been put to

work by Assistant HEW Secretary Charles Edwards to come up with a report and recommendations by August 16 concerning these problems for the hearing impaired. The high cost of hearing aids, misdiagnosis of hearing impairment, misrepresentation of what a hearing aid can do, and whether or not medical prescriptions should be required before anyone is sold a hearing aid.

I welcome the substantial Federal attention now being paid to the hearing impaired of this country who may number more than 20 million. I cannot help but believe that the responsible hearing aid dealers and manufacturers in this Nation also welcome any Federal effort to raise the ethics of their industry, thereby improving their reputation.

I know my colleagues will agree with me that a confident, satisfied consumer is the best friend an honest businessman can have.

Mr. President, I ask unanimous consent to print at the end of my statement a number of letters from hearing-impaired Americans from Florida who have written to me in recent days concerning problems they have had with hearing aid dealers and salesmen in the State of Florida. I do not know if the senior Senator from Florida has received any letters direct and I hereby make them available to him so that he may be made aware that in fact there are problems in his State, as in others, including those with licensing laws. I recommend that all Senators who receive such letters forward copies to the FTC and the FDA for their consideration.

I also ask unanimous consent to include at the end of my remarks important excerpts from a letter to me from James Johnson, president of the Zenith Hearing Instrument Corp. in Chicago, confirming many of the problems that I raise and suggesting some very enlightened solutions of his own.

I also ask unanimous consent to print in the RECORD at this time a portion of a study done in 1962 and 1963 by the Department of Health, Education, and Welfare's Public Health Service concerning user satisfaction with hearing aids. I do this principally because the industry has made much of a figure in the report saying that 93 percent of those surveyed were satisfied with their devices. In fact, this is more than a little misleading. The 93 percent who are referred to in the hearing aid industry's proud boast were limited in fact to those interviewed who use an aid constantly. In fact, more than 36 percent of those who used or ever tried to use an aid were dissatisfied and were not then using an aid. That figure—the 36 percent—is also from the Public Health Service data. The report also shows that approximately 58 percent of former hearing aid users stopped wearing their devices because they caused discomfort. I think these facts should be included in the RECORD to correct the mistaken impression that has been left by the industry's literature on this subject.

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

ZENITH HEARING
INSTRUMENT CORP.,
Chicago, Ill., June 3, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: To make your file complete at this time I would like to confirm the critical points and present Zenith's posture relative to these:

COMPETENCY OF THOSE IN THE HEARING AID DELIVERY SYSTEM

The question and concern of the competency of those involved in the practice of fitting and selling hearing aids has long been the subject of specific programs within the industry and a subject of public debate by observers of the industry. Throughout all of these discussions, though, the essential question—what are the educational and training requirements for the proper fitting and selling of hearing aids?—has never been resolved. The roles the hearing aid dealer and the audiologist must perform in the delivery of hearing has been defined by licensing in those states where such legislation has passed (39 states have dealers licensed, 16 have audiologists). The act of licensing of hearing aid dealers has established one basis for competency, the practical level of knowledge to perform the practice of fitting and selling hearing aids based upon the training and experience falling within the framework of the licensing. The hearing aid manufacturers' and dealers' associations have taken the initiative now and have as a joint project the development of a formalized accredited educational program.

Zenith has long recognized the need to provide a structured educational experience to prepare those involved in the practice of fitting and selling hearing aids. In the early 60's we developed with medical concurrence a twenty lesson Programmed Learning Course dealing with the basic requirements. This course is used in at least twelve university programs in audiology. Several lessons were included in the Audiometric Assistants Training Program developed under HEW sponsorship for their Division of Manpower Development (brief description attached). Zenith has expanded its educational program to include a formalized 80 classroom hour course of study. This program was developed through our own initiative to accommodate the minimal needs, as we see them at this time, for entry into the field. We are most encouraged with the response to this program, and particularly the average age of the students, in mid-twenties. In one pilot group of six the average age was just under 22 years.

Of primary concern regarding the question of competency required to perform the practice of fitting and selling hearing aids is that it be recognized that this is still to a great extent an art not a science. It is my personal view that a PH.D. or Master's level education overtrains for the practice of fitting and selling hearing aids.

In conclusion, when the question—"what are the educational and training requirements for proper performance of the practice of fitting and selling hearing aids as defined in the state licensing laws?"—is answered to the satisfaction of medicine, audiology, the industry and appropriate agencies, substantial progress can be made to clear the question of competency.

HEARING AID COSTS

It is, of course, recognized that the manufacturer cannot under the law specify the price which independent hearing aid dealers charge for their product and services. In discussing the pricing practices of the hearing aid field the point should be made that as a consumer product, hearing aids are unique in our commerce in that a significant amount of personal service is attached to the delivery of the product. The services and the product combined constitute what the consumer really pays for, and in this case it is *hearing*. The hearing aid, the tangible product, in the consumer's eyes carries the full burden of the servicing costs.

It is indeed unfortunate that at an early stage in the development of this commerce the pricing was not unbundled, identifying the services performed and their costs, keeping the product cost separately identified. In this way the hearing aid would bear a portion of the total cost of *hearing*. I am attaching a copy of a speech—"Tell It Like It Is"—which I made before the Hearing Aid Association of California in which I state my views of the unbundling pricing philosophy, as well as a critique of other industry conditions. I am convinced that the separation of services and product prices will be accepted and used in the future.

As to the question of the cost of hearing aids, little has been done to establish the value association with regaining one's hearing and ability to communicate. Perhaps the focus on the cost of the hearing aid rather than the delivery of better hearing and its related services has completely distorted the picture.

TRIAL PERIOD FOR HEARING AID

As you are probably aware, Zenith has offered since the mid-'40's a 10-day money-back guarantee as part of its consumer oriented marketing program. At an early stage we recognized that certainly there would be some who could not accommodate amplification. This guarantee satisfied a need for consumer protection, the principle of which only recently was affirmed with FTC regulations requiring mandatory cooling off period for off premise selling.

MEDICAL CLEARANCE

Some of the foregoing comments also relate to the issue of a requirement of medical clearance for the fitting and sale of a hearing aid. Medical attention to any physical problem is highly desirable, but in the practical world with which we must contend medical attention becomes in addition to accessibility a question of priorities, starting with those conditions which are of a life or death nature. At this level the full attention of the most highly trained people is needed, but moving down the scale, resources of the hearing health team must be utilized in the most efficient way. Recognizing this, paramedical personnel are trained to be alert to conditions which must be brought to the attention of the medical experts. The hearing health field has for a number of years effectively utilized all levels of expertise in the field.

Dealing with the practical considerations of availability of hearing health services the American Council of Otolaryngology has provided six conditions under which medical attention should be obtained before any further testing of hearing proceeds. These conditions are included in the hearing aid dealer licensing law in California and are being included in amending action in other licensed states and included in proposals in unlicensed states (a list of these is attached).

At the present time a good portion of those with hearing losses are in an age group who tend to reject medical attention until it's absolutely necessary. To require a visit to a doctor can only delay further important attention to a hearing problem. As you know, the industry has long had the experience of people delaying up to five years the final purchase of a hearing aid after it was recommended by a physician. Positive motivation of the hearing impaired to act on their hearing problem would do much to relieve this area of concern.

RESEARCH IN HEARING

I provided to Stuart Statler the names of researchers presently working in the area of implants which may provide new corrective procedures for those with sensorineural losses at some time in the future. Zenith is supporting some of this important research. As you can appreciate an industry as small as the hearing aid does not of itself have sufficient resources to support basic research in the hearing field. Audiology has enjoyed the benefit of Federal funding for a number of years, particularly for graduate work in advanced degrees. Some of this graduate research has been meaningful—by and large a great portion has been of minimal value. As discussed earlier the proper fitting of hearing aids now depends on subjective testing and trial and error procedures. Research to develop more objective procedures for evaluating *hearing* as it relates to hearing aid fittings would be of great value. This obviously entails developing complete understanding of the function of the entire hearing mechanism and the development of appropriate instrumentation to measure the function.

I do appreciate the opportunity to discuss these important questions with your staff and to review them with you. Please let me know if I can provide additional information.

With warm regards,
Sincerely,

JAMES H. JOHNSON.

[From the National Center for Health Statistics, series 10, No. 35]

CHARACTERISTICS OF PERSONS WITH IMPAIRED HEARINGS—UNITED STATES, JULY 1962 TO JUNE 1963

DEGREE OF SATISFACTION WITH THE AID

The degree of satisfaction with the aid as reported by persons who are presently using a hearing aid is shown in table 13. Former users of a hearing aid were not asked to report the degree of satisfaction with their aid nor were they asked why they had stopped using it. However, it seems reasonable to assume that most of these persons stopped using their aid because it did not give them enough satisfaction. (Inability or failure to provide proper maintenance for the aid could result, ultimately, in dissatisfaction with the aid.) This assumption is supported by data which show that approximately 58 percent of former hearing aid users stopped wearing the aid because it caused discomfort.

Estimates shown in table G clearly indicate that the proportion of hearing aid users who expressed satisfaction with their aids increased as their hearing loss increased and, conversely, dissatisfaction with the aid increased as the ability to hear increased. This relationship of hearing aid satisfaction to hearing ability was the same for both men and women. However, females in general appeared more satisfied with their aids than did males. This is especially true for the two groups with the better hearing ability. The greater satisfaction of females with their hearing aids might reflect their use in less demanding situations, i.e., the external noise at home usually is less than that encountered at a place of business.

TABLE G.—PERCENT DISTRIBUTION OF PERSONS WITH A BINAURAL HEARING LOSS WHO HAVE EVER USED A HEARING AID, BY DEGREE OF SATISFACTION WITH THE AID ACCORDING TO SPEECH COMPREHENSION GROUP AND SEX: UNITED STATES, JULY 1962–JUNE 1963

Sex and degree of satisfaction with aid	Persons who have ever used an aid			
	Total	Cannot hear and understand spoken words	Can hear and understand a few spoken words	Can hear and understand most spoken words
	Percent distribution			
All persons	100.0	100.0	100.0	100.0
Satisfied	61.4	68.2	60.9	55.6
Not satisfied and not using aid	36.6	30.1	38.1	42.1
Unknown	(2.1)	(1.7)	(1.4)	(2.3)
Male	100.0	100.0	100.0	100.0
Satisfied	57.9	67.6	56.0	52.6
Not satisfied and not using aid	40.3	31.0	42.5	46.7
Unknown	(1.8)	(1.4)	(2.2)	(1.1)
Female	100.0	100.0	100.0	100.0
Satisfied	65.1	68.2	65.0	63.6
Not satisfied and not using aid	32.5	29.5	34.4	34.7
Unknown	(2.4)	(2.3)	(.6)	(4.1)

AMOUNT OF USE OF HEARING AID

Respondents who reported that they were currently using their aids were asked to indicate the extent the aids were used at various places or times; i.e., at work, home, school, church, the movies, and while listening to radio and television. The responses to these questions were pooled and classified according to the terms used in table 14—constant, moderate, and negligible.

It may be seen from table 14 that about 57 percent of persons currently using a hearing aid indicated constant use of their device and approximately another 27 percent indicated moderate use, while only about 6 percent indicated a negligible amount of usage. About 11 percent of the hearing aid users did not reply to the question. In the earlier Health Interview Survey data on hearing aids, July 1958–June 1959, 65 percent of the current users of aids used the aid all or most of the time, while 35 percent reported occasional use.

The proportion reporting negligible use of the hearing aid did not differ a great deal by speech comprehension group.

The amount of satisfaction with the hearing aid and the amount of use of the hearing aid are cross-classified in table H. As might be expected, those who reported constant use of the aid also expressed satisfaction with the aid more often than did the less frequent users of an aid. Among those who reported constant use 93 percent reported satisfaction with the aid, compared with 77 percent of the moderate users and 63 percent of the "negligible" users.

TABLE H.—PERCENT DISTRIBUTION OF PERSONS WITH BINAURAL HEARING LOSS CURRENTLY USING A HEARING AID, BY DEGREE OF SATISFACTION ACCORDING TO AMOUNT OF USE: UNITED STATES, JULY 1962–JUNE 1963

Amount of use	Degree of satisfaction			
	Total	Satisfied	Not satisfied	Unknown
	Percent distribution			
All persons	100.0	84.6	12.6	(2.8)
Constant use	100.0	93.0	(6.0)	(1.0)
Moderate use	100.0	76.9	(18.4)	(4.3)
Negligible use	100.0	(62.7)	(35.3)	(2.0)
Unknown	100.0	70.5	(21.1)	(8.4)

GREENWOOD, S.C.,
June 21, 1974.

DEAR SENATOR PERCY: I read your article on controls needed to regulate the hearing aid industry. I also read what Mr. David Smtih, vice president had to say aout your comments, I just felt like writing you and letting you know about my experience with Beltone. One of their salesmen convinced me that they would be able to help me and praised up the quality and especially the service. My home is in Tampa, Florida at present and I am just visiting my son at this address. I bought an aid from them a couple years ago for $477. They gave me a service book and told me that they would check the aid each month for a certain length of time and sign a sheet in the book for every month it was to be checked. Well that book has never been signed to this day.

I finally went out to their office and they told me that the salesman that had sold me the aid wasn't with them any more and they could not stand behind all the promises he made to me. They tested my ear and said my hearing had depreciated 30% since buying the aid. They advised me to have another mould made for the other ear and they would switch it over to the other ear. They charged me another $15.00 for the new mould and never did give me the original mould back. The new salesman said there was a defect in the aid and they sent it back to the factory. When it was returned to the dealer I went out to their office to get it and found out that the dealer that held the franchise had sold the franchise to another dealer.

I tried to use the aid for a while but it finally ended up in a drawer as it was not helping me a bit. They came out with a new set which they said was much better, I went out to investigate and found it to be much higher. I ask him how much they would allow me in trade for the old set which hadn't been used but very little. He said $25.00 was the best they could do, then he told me that I would need a set for each ear. I told him that having been hooked for nearly $500 I certainly would go for another.

Shortly afterwards I read an article in the Readers Digest on hearing aids. They recommended being examined by a doctor that did not sell aids, this I did and he gave me a real good examination and charged me $37.00.

I was planning on going on a vacation and got the aid out thinking that I might possibly run into some one that could help me get some use out of it. To my surprise I saw a

piece of the metal inside where the battery goes that was loose. I took it back out to the dealer and he said it would have to go to the factory to be repaired. I got it back in a couple weeks and they charged me $32.40 for repairing it. It was returned to me on April 25th and I came on to my present address. For a couple weeks it seemed to be working better, at least it increased the volume, then it started cutting out on me. I called on the local dealer and he said I would have to return it to the dealer in Tampa and he would send it to the factory, said I shouldn't send it to the factory as that dealer had the file etc. on that particular set.

I used to be a railroad conductor but got injured in a derailment and I have been on total disability since 1947. We moved to Florida where my daughter lives after my wife had her first stroke.

I wrote this to you after I read that Mr. Smith stated that your statements were biased and in many cases inaccurate.

I do not have any of my records with me but I am pretty sure that the figures are all correct, I expect to be at this address until some time in August.

Yours very truly,

FLOYD T. CURWISS.

CRYSTAL BEACH, FLA.

Hon. CHARLES H. PERCY,
U.S. Senator,
Washington, D.C.

DEAR MR. PERCY: I am writing this letter for my dad who is throughly frustrated with the preformance of his hearing aids.

My family recently read about your intentions to investigate hearing aid cost because of yourself being a hearing aid user.

My father has needed a hearing aid for the past 5 years. He purchased a Zenith Economy for $380 which he got fair results for 4 years. During this past year he has purchased two hearing aids, a Lloyd's for $200 and the best Zenith, Royal D, for $400.

This so called expensive Zenith model has been sent back to the company six times within the past 9 months for repair. What is so frustrating is only after a few hours use, the aid stops working and must be returned to the factory. We have the repair notices to back up this statement. Luckily the Zenith is on a year guarantee. After the year is up what will happen? Because of his problems with the Zenith my father was forced to purchase the Lloyd's model.

Being from a middle class family the continuous cost and performance of these hearing aids has placed a tremendous monetary and mental burden on my family.

Thank you for your interest in investigating the hearing aid industry. I hope this letter helps with your work.

Sincerely,

THEODORE S. NYKIEL.

FLOROCK SOUTH, INC.,
Orlando, Fla., June 10, 1974.

MY DEAR SENATOR: I'm not exactly a Percy fan but I think you are on the right track in climbing on to the Hearing Aid people. I won't fault you even if Bell tone is right in claiming you are doing this for political purposes because I think as you do that this cleanup is long overdue.

I have a Bell Tone gimmick that fits in my glasses which cost nearly $400.00 and I'd have had more satisfaction if I'd given the $400.00 to almost any supplicant or even a mendicant. I not only do not hear better but it has been so unsatisfactory that I've stopped buying batteries and ear molds. I was approached by their representative who told me that in order to get maximum effciency I should spend another four hundred dollars which with the experience I've already had would compound my problems and would be money down the drain.

I see that Mr. Pigg (well named) claims that there is no gouging and that Hearing Aid People do not diagnose. Perhaps his definition is different from mine—but when someone poses as an expert in a certain field and gives examinations and recommends treatments I think it is diagnosis.

More power to you and I hope you will get support from the present inept Senate.

Best wishes,

JOHN W. HASTINGS,
Gainesville, Fla.

THE ORANGE HEARING AID CENTER,
Orlando, Fla., June 19, 1974.

Sen. CHARLES H. PERCY,
Washington, D.C.

DEAR SENATOR PERCY: You won't remember the writer, but I was Town Auditor of Niles Township, Illinois when John Nimrod was Supervisor. I now reside in Maitland, Florida and own a retail hearing aid office in Orlando, Florida.

I am enclosing for your information copies of a mailing received today from the Florida Hearing Aid Society. I am *not* a member of F.H.A.S. I disagree with their statements and also the release from the National Hearing Aid Society. I have been in the hearing aid industry for over 22 years and I agree completely with your ideas of what is wrong with the industry and the steps that should be taken to correct the problems. I also resent the attacks made against you personally, and against your motives for the action you have taken on behalf of the hearing impaired.

If I can be of any help, please call upon me.

Sincerely,

EMANUEL GITLES,
President.

FORT MYERS, FLA.,
June 10, 1974.

Senator CHARLES PERCY,
Senate Chambers,
Washington, D.C.

DEAR SENATOR PERCY: In today's Fort Myers News Press appears an article to the effect that you plan to crack down on the hearing aid industry, and I wish to state that you are to be congratulated for taking such a step.

At the age of 81, I found that I was having trouble when attending a luncheon or dinner at a public affair, hearing the conversation from ladies seating on the opposite side of a table. This was partly due to the noise from the conversation in the hall at other tables, from waiters, music, etc.

A test of my hearing during an annual physical examination had shown that my left ear was the cause of the trouble . . . the right ear was much better.

So I went to an office that sells hearing aids, told the manager of my problem. He gave me a test on a machine and told me that I should have a hearing aid for both ears. This I didn't think necessary.

He recommended a model that I didn't like, as I wanted one that went into the ear and was scarcely noticed. So a mold was made for a $30 charge and finally was fitted to the tune of over $300.

Much to my dismay, I found that all it did was to pickup other noises, when I attended group dinner meetings, and did not serve the purpose for which my purchase had been made.

When I complained, he told me that he now had a "directional model", which shut out other noises. It would cost me $100 more to buy it. As my present aid was fittted for me, it would not be a good trade for him to take it back. He told me that if I wore my present aid for 30 days, I would get accustomed to it. I wore it out of his office and the noise from the high winds and auto traffic nearly drove me crazy.

I have read in a Consumer's report since I made this purchase, that the material in a hearing aid cost less than $20. So some one is making an "Immoral Profit" as the newspaper report shows. I do not think it is the manufacturer, as the brand I bought was made by a reputable firm in the field of electronics.

The best solution to my problem has been a "hard of hearing" telephone receiver when making phone calls. I did not learn about this until after buying the hearing aid. Of course this use is not the one for which I made the original purchase.

I have met another purchaser who told me that the same dealer tried to sell an aid for each ear, and the buyer like me refused and bought one only. I was in the advertising business for 50 years, and its time we had some "Truth in Advertising" in the Hearing Aid selling.

Sincerely,

ARTHUR W. WILSON.

NEW PORT RICHEY, FLA.,
June 10, 1974.

DEAR SENATOR PERCY: I think your idea of limiting the sales of hearing aids to prescriptions only is a very good idea.

I have worn a hearing aid ever since they were made, I do believe. The first one I had was a Graybar and I had to carry it. They only have a lifetime of from three to five years and as you know are expensive.

There are many older people who have a hearing loss and would wear one and have a happier life but can't afford one. They are also sold aids that are not strong enough for them and don't find it out until they use them and then they are stuck with a $400 hearing aid that is almost useless.

I also have found an awfully big difference in the price of batteries.

I have often wondered why someone has not investigated the hearing aid industry. I am sure they are overpriced and many people really are taken.

I do hope you get some where with this. It would be nice to have something done for the good of the American people for a change.

Good luck,

Sincerely,

HELEN (Mrs. Raymond) M. THOMPSON.

ST. PETERSBURG, FLA.,
June 18, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: The newspaper clipping which I am enclosing was very interesting to me. I am very pleased that you are coming to the aid of people like myself who are the sad victims of the inefficient, untrained folk who sell us our hearing aids, also, for the outrageous price charged for the instruments. I am nearing my 89th birthday and have worn an aid for the past forty years.

I appreciate your effort in our behalf.

Very sincerely,

MAY G. NORWOOD,
MAY G. (Mrs. William A.) NORWOOD.

HOTEL GAYLORD,
Miami Beach, Fla., June 11, 1974.

Senator CHARLES H. PERCY,
Washington, D.C.

I have read with interest a report that appeared in the Miami Herald, June 10, 1974, entitled "Percy Asks Controls on the Hearing Aid Industry."

I agree with you that there is a great gap in the cost of production of hearing aids and the final selling price to the consumer. I believe that the initial production cost is very low (perhaps $100 or even less). It is sold between approximately $275 to $375. I paid $275 for one that I purchased. The volume control ceased to function on it, and it cost me $60 to repair it.

You are to be congratulated on what you are doing. It would be a good idea, if perhaps you could get exact costs—and compare with the selling price. As has been indicated in the news report, it is true that it is very hard

on the poorer elderly people. You can buy a large size good television set for the price you must pay for a miniature receiver-amplifier.

Respectfully yours,

SAMUEL H. BROOKS.

MELBOURNE, FLA.,
June 17, 1974.

Senator CHARLES PERCY,

DEAR SIR: I read your article on hearing aids and want to congratulate you for finally bringing it to the peoples attention. I have been wearing a hearing aid for about 15 years, two Bell Tones which held up fairly well. The first one was purchased in Washington for $325.00 and the other purchased here in Melbourne for $359.00. It is about 4 years old and does need some repair work done.

After hearing about the Orange Hearing Aid Center in Orlando I thought I would try their service as they were highly recommended. At the time they looked at the one I was wearing and said there was nothing wrong with it but they could sell me one that would help me hear better with. I, of course, was wearing a Bell Tone. My husband was with me and he said if a new one could improve my hearing to buy it. Well the cost was much to high $659.00 and at the time we could ill afford to pay that much. This is for one ear as they sometimes try to sell you one for both ears and then the cost is higher. It is a Fidelity and after going back and forth for about six months trying to get it in working order I told them I would pay them for their service but I wanted some of my money back. This they refused to do. I have had it for about 27 months and it does need some attention.

I hope something can be done to stop these illegal practices. I have been told there is a tremendous profit.

I might add we were residents of Illinois for over 30 years living on the South side near the Indiana line on Avenue C.

Thank you for your interest in this field.

Yours truly,

MRS. J. F. BURNS.

MIAMI, BEACH, FLA.

Hon. CHARLES H. PERCY.

DEAR SIR: I was very much glad to read in the Miami, Herald, about you recommending a good look at the hearing aid industry.

David Smith the Vice President of the Beltone Corp. the nations largest manufactory of hearing aid said that was to stop free enterprise.

Let me tell you about the company. They have two offices in Miami Beach and you cannot get one aid for less than 360 dollars, no matter how I tried I could not buy one for less.

I am an old man in my ninetieth year. I have trouble at hearing and cannot afford to spend that much money.

To my experience the whole industry is closed business. I hope you succeed to open the trade.

Respectfully yours,

MAX D. THORNER.

ORLANDO, FLA.,
June 10, 1974.

Senator CHAS. PERCY,
Washington, D.C.

DEAR SENATOR: I have just read of your complaint against the hearing aid industry.

I have been wearing a hearing aid for about fifteen years and I agree with you but my idea for correcting the practice is different. I think the hearing aids manufactured abroad should be allowed to enter the market here just like the radios that are made in Japan, etc.

After being mislead for years by the agents, I decided to do a little experiment on my own.

After my experiments proved to me that the hearing aids are not as complicated to manufacture as the little pocket radios that are sold by every drug store along side of radios made by American firms.

I have finally purchased a hearing aid that was made in Japan from a mail order house in this country and I like it better than the four aids that were sold to me by agents of American firms, that cost much higher prices. I can give you a lot more information if you are interested in my ideas.

Yours sincerely,

HAROLD E. AUSTIN.

RUSKIN, FLA.

Senator CHAS. PERCY.

YOUR HONOR: Three cheers for your stand on the Hearing Aid business. It has cost us over $1,300 in the past five years. We would rather give that to help feed the hungry than be cheated this way. At Montgomery Ward the last aid cost more than the most expensive color T.V. set.

Another case to be taken care of soon is the Postmaster General. He is fattening himself and his American Can cronies while we are paying more all the time for stamps.

If this continues I won't be able to buy stamps to write to you.

Yours truly,

MRS. LYNDON MCNALL.

MIAMI BEACH, FLA.,
June 10, 1974.

Hon. CHARLES PERCY,
Washington, D.C.

HONORABLE SIR: It is about time somebody took up the issue of controls over the Hearing Aid Industry. . . . I am 68 years of age . . . have worn a hearing aid most of my life. . . . I need another . . . but cannot afford the prices asked . . . and you cannot go shopping . . . because it seems that the industry has gotten together . . . and prices are the same all over. As an example of prices . . . today I bought batteries (No. 675) for my aid paying $2.15. I was asked as much as $3.35 for the same batteries. My Social Security does not allow me to splurge, tho' I need an aid. All I do is fix and fix what I have. . . . All aids are alike . . . the public is being fooled.

Yours respectfully,

HERMAN BAIDA.

JUNE 10, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I read a news item in The Miami Herald today in re the hearing aid practices to which you referred to as being immoral and disgraceful. I too wear a hearing aid as a result of damage to my nerves while a patient in the University Hospital in Birmingham, Ala., in 1968. The damage was caused by medicine given me and I probably should have filed suit, but did not do so. My hearing is damaged about 65%. I went to Dr. Sherman, Ear Specialist, in Miami in 1969 and he told me my hearing would not improve; and referred me to an Audiologist who has a Ph. D and after an examination which took about an hour, he prescribed a Vicon aid, which I am still wearing.

I moved from Hallandale to Lakeland in 1970 and I went to Marion E. Bassett, Montgomery Ward's Audiologist and asked him to service my aid. He checked it and said something was wrong with it and that he would be glad to send it to Birmingham, Alabama to be repaired. He then proceeded to make an examination of my hearing and suggested that I buy another aid, as a person should have a spare. He sold me an Audiotone aid for about $400; and about two weeks later I went to his office and picked up my Vicon aid. I am constrained to believe that he did not send it anywhere to be repaired.

Mr. Bassett is a smooth operator and I had not had enough experience to cope with his method of operation. Later he admitted that the Vicon is a stronger aid than the Audiotone. I am enclosing one of his adds in today's issue of The Ledger published in Lakeland, which typifies the adds he frequently has published in The Ledger.

I am fully in accord with the reforms you have suggested and they cannot be carried into effect too soon. If I can be of further assistance, you only have to let me know. I shall adopt a policy of watchful waiting and will appreciate your keeping me advised as to how the matter is progressing.

Sincerely,

H. F. RICKERSON.

BRADENTON, FLA.,
June 11, 1974.

Senator CHARLES PERCY,
Washington, D.C.

DEAR SENATOR: A local paper has an article stating that you are calling for a crackdown on the hearing aid industry. This is long overdue. As a retiree and hearing aid user for many years, I wish to commend you on your stand. I feel that we have been victimized by the industry.

In this age of electronics with cheap transistors, we should not have to pay these excessive charges. I paid 380 dollars for one aid in hearing aid glasses recently.

As this article in the Sarasota Herald-Tribune states, you urged a complete FTC review of the price structure. I wholeheartedly agree.

Sincerely yours,

ELGERETTA LAWITZKE.

DAYTONA BEACH, FLA., *June 10, 1974.*

Hon. Senator CHARLES PERCY,
Washington, D.C.

DEAR CHARLES: I notice your article this morning in the Daytona Beach Morning Journal. I want to give you high credit for bringing a crackdown on hearing aid firms which I am a victim of since 1971. I bought a Dahlberg hearing aid from an agent in Daytona Beach by the name of Warren Walters who sell them without a prescription for Dahlberg Electronicalic, P.O. Box 549, Minneapolis, Minn. 55440. My problem is I am 83 years old. I hear pretty good but can't understand voices. After I bought the hearing aid from Mr. Walters I went back in two months, he sent it to the factory in Minn. for repairs. It came back and I was still dissatisfied he sent it back the second time. It came back. I still was dissatisfied. He said for $135.00 more he could give me a much better one. I paid $289.00 for the first one. I agreed to give him $100. He agreed. I went for some time with this one and I could not understand voices. Sent this one back to the factory for repairs, I found out I still had the same serial number I first bought. Now he wants to sell me another one called the Mirical hearing aid for $500.00 more and my old one. What can be done with a man like this. He has the name of being a gyp from Detroit. His address is 133 Magnolia Ave., P.O. Box 2295, Daytona Beach, Fla. 32015. Please answer with regards and success.

Yours truly,

CLARENCE ADAMS.

DAYTONA BEACH, FLA., *June 15, 1974.*

Senator CHARLES PERCY,
Washington, D.C.

MY DEAR SENATOR PERCY: Our Daytona Beach News Journal published an article on your interest in "Hearing Aids." I am deeply interested in this subject, since I feel that I was "taken."

I am 82 years old, a widow in fairly good health. My husband had a stroke in 1969 and it was during the time that I was taking care of him, that I noticed that my hearing was failing. I sort of took it that I spent

most of my time with him and his speech was slurred. He died in April of 1972. I was busy after his death, but in December of 1972 I did go to an Ear Specialist. He gave me a thorough hearing test but said that he couldn't help me. He suggested that I try taking Niacin 50 MG—one tablet each morning for three months. If this didn't help, I would need a Hearing Aid.

I didn't help so in April of 1973 I contacted two different firms and I bought a Dahlberg from the Daytona Hearing Aid Service. I was to have an aid on each ear and the price was $790. It was nerve loss and I was to even feel better physically. Well, I don't. I do hear better, especially loud noises. I can't hear over the telephone with it, so now I am having the telephone company put an amplifier on the telephone. Mr. Walters did send the hearing aid back and had a gadget put in the left ear piece, but it doesn't work.

He has been fairly good about listening to my complaints, but it is never the fault of the aid, but me. He even told me that I was stupid and I sent the Dahlberg people a letter. Their reply was that Mr. Wynn Walters was the franchise owner for Dahlberg in this area.

I do not drive so each time I go to him for service, I have about $4.00 taxi fare. Then, too, the upkeep of the batteries is an item.

I think that the original price is out of line and I am sure that before long, I will need to replace the entire aid. Now, it is going to pinch to pay for it.

Can't something be done, so citizens can go to a clinic and have this testing done. Also, be able to try the different makes before you make a decision. In both cases as soon as the salesman did the testing, he had the material out to make the ear molds.

I am sorry that Mr. Gurney is challenging you. We have so many old people in Florida on retirement who cannot afford what I ran into.

Thank you for being interested. Maybe Mr. Gurney should turn his attention to who gets these hearing aid licenses.

Sincerely yours.

BARBARA A. MCDOWELL.

JUNE 12, 1974.

SENATOR PERCY: We agree with your statements in the cost of hearing aid instruments. We hope you continue with your investigations. As a user of one for 37 years have always thought the prices out of line for so small an instrument.

Most sincerely,

MARIE C. WILLIAMS.

SARASOTA, FLA., June 16, 1974.

DEAR SIR: I understand you'd like actual information on the shameful overcharge of hearing aids. Of scotch origin, still working at age 76. & happy to be able to.

Several years ago Dr. Snyder had me try out possibly five different aids, in the meantime, I paid $65.00. When mention was made that, it was a problem to adjust the hearing aid from shop to street; to Lowe, or Company. & that at that time I'd forget it. He kept my money. & I got nothing out of it. I was willing perhaps to pay 30.00 but 65.00 was too much. Last year while in the Buffalo area, I took an aid given me. for repairs to the Lassman Hearing Aid at Brisleave Blvd. The repairs 30.00 & well worth it. They had the misfortune to lose the mechanical part a month ago. The same Dr. Snyder will furnish a second hand one for $150.00.

Mr. M. Lassman will furnish one for $50.00. We now have about two thousand members of the memorial burial service. All due to a letter to the editor by me about a misleading practice of the undertaker. My letter was to make the public aware of this, it did.

It was not my purpose to expose the culprit. I'm sure he has suffered in other ways as a result.

Most sincerely,

MARGARET T. WEST.

N. MIAMI BEACH, FLA., *June 10, 1974.*

Hon. C. H. PERCY

DEAR SENATOR: Re your article on HEARING AIDS, ETC.

I also must wear a hearing aid.

The one I wear is made by MAICO—incidentally it bears a notation—"made in Germany."

These manufacturers use the auto mfgr's talk—"This year or any year they tell us wearers that this model is the newest and best etc."

Incidentally the new MAICO new(?) price is $375—plus a trade in allowance on any aid of about $25.00 The net price is higher than my 1975 model color TV—and I'm sure there's more in the TV that needs special attention etc. etc. I called the maker's attention of aids that I was in the hard industry—that included ball bearings that has a plus or minus of .0025 or even less—I reminded my distributors of aid's what Henry Ford did some years ago. He gave the workers a daily wage of $5.00 per day and even cut the sales price of his Model T. Both at that time was ??? My distributor's answer to this that their volume sales are not enough etc. etc. to cut the price.

I suggested to him you can reach many potential customers if the price was within their reach. Would you suggest that I also write F.D.A. and the FTC???

As to fitting hearing aids to the patient, that's tops in carelessness and fitting.

Thanks for your article—maybe it will blow up a real storm!!

Sincerely

ARTHUR HAMERSCHLAG,
A Retired Senior Citizen.

DOVER, FLA., *June 10, 1974.*

SENATOR PERCY: May I add to "call" for control over ads and sales of hearing aids. I too wear one (Maico). I need a change in my aid, as I get a drainage when I wear it too long, but cannot afford one, or, is it worth it? I am 77). However there are many who do not have any help with aids or glasses, I have an ad here, I am sending address of a sales room in L.A., Cal. I want to keep original clipping which I got a year ago, I have written but no reply, but? It isn't any wonder that we shop out of our own country.

Here is the ad and address, Japanese Hearing Aid.

Tashiba your transistor hearing aid, truly an engineering triumph and a value miracle, is now available at only $39.95 with a full year's written guarantee.

Geo. F. Waterman, Roosevelt Bldg., 727 W. 7th Street, (cor. Flower) Los Angeles, Calif. 90017.

Senator Percy, Thank you.

MRS. B. V. HYDEN, Sr.

MIAMI BEACH, FLA., JUNE 11, 1974.

Senator PERCY,
Senate Office Building,
Washington, D.C.

HONORED SIR: Our local paper carried a story in which you recommended that the F.T.C. take some means to regulate the matter of Hearing Aides. I have been one of the elderly who has been victimized by this industry.

David Smith of Beltone claims you are promoting your objections for political gain. However, I do not agree as his firm is one of those which made me a victim. After much trial and may I say error I found out that there was no gain by using an aide as my nerve is dead.

I have in times gone by listened to the idle chatter of their experts but I found out to no avail.

I hope you press for better consumer protection.

Yours very truly,

J. BERT MARX.

MIAMI BEACH, FLA., JUNE 10, 1974.

DEAR SENATOR PERCY: . . . Scarlet Fever at age 12 caused deterioration of eyesight and decreased hearing in my right ear—now no hearing there. Gradually nerve destruction in the left ear has left me deaf to ordinary conversation. Twelve years ago my ear specialist in NYC advised me to get a hearing aid for the left ear (battery behind the ear) I paid over $400 for an Acousticon—a total waste of money! I hear shrieking sounds from the rear and sides and only when there is no other noise do I hear the person directly in front of me, conversing with me. The Ray-O-Vac (6) batteries, 1.5 volts—cost me nearly $3 and altho tested on purchase—are exhausted in 6 hrs. of use.

These probably could retail for $1 or less and they could still make a profit. I honestly believe that testimony (or purchase) in a closed soundproof room is erroneous. There, with no sound interruption one can hear the salesman speak—but outside in our every-day world, we are lost souls. I believe testings, fittings, etc., should be done under everyday surroundings—where the noises we encounter are so real. The set itself costs nowhere near $400 which, I believe, you know. They have us by the throat and we are helpless. Medicare does not cover cost or upkeep, batteries, etc.—so we are again the losers. I hope you will show this letter to Sens. Lawton Chiles & Gurney—and I demand that they support your bill. I commend you for your interest in our behalf. Those who live in a usually silent world.

I desperately need dental care but the 3 estimates I got were $1,800, $1,900, and $2,900. No way I can do it—so I guess they will rot out & I am toothless—10 can be saved I was told. There is no one to turn to. I am alone—all family dead. There are no provisions to help us help ourselves—I have $1,000 (life time) saved up & could apply this to total costs—but they want $100 mo. on balance while completing the job & I don't have $100 a month from my Soc. Sec. & small C.S. pension check from N.Y.C.

ST. PETERBURG, FLA.

DEAR SENATOR PERCY: I've read the enclosed of Senator Gurney. I find he is at fault. I can prove he is wrong if you check Better Hearing Institute in Wash., D.C., you'll find many complaints. I filed mine after so much money spent on left Temple only at a high price $379. I am a widow on fixed income. This was purchased in 1972, a year guarantee. Well it went back to the factory 8 times & came back nothing wrong. I was annoyed no end so wrote Ralph Nader, got some help thru Better Hearing. After they investigated they told me be patient & in March 1974 I got a new left temple but I now have to pay more for batteries as price gone up 6–$2.40 was 6 for $2.07. Only those who have hearing loss know.

Our Senator Gurney surely would raise hell if they gave poor service, the high prices. He knows nothing of the Hearing Aid tricks for a fast sale. Federal Trade Commission was told my story. They will investigate my story is only one of many. We have plenty people in Florida who disagree with Senator Gurney. Wonder how much the Hearing Aid places donated to his re-election campaign. I'd not give a cent. He is not truthful. Well he will not be re-elected as I have many friends who are not satisfied with his past record.

Do not give up as right is on our side. I'm sure you'll win.

With best wishes. God Bless

Sincerely,

MARGARET EICHELE.

My old friend, 82, bought a hearing aid Beltone from a slick salesman behind the ear $386 and she had an acute mastoid too far gone for surgery. An example of crooked deals. Better Hearing has her sotry. Its a crime, shame on Gurney.

WARRINGTON, FLA.,
June 18, 1974.

Senator CHARLES PERCY,
Washington, D.C.

DEAR SENATOR PERCY: I am very pleased to read that you want to do something about the high cost of Hearing Aids.

I wore one for over 20 years, or until I had Ear Surgery 12 years ago. I had during the years I wore one spent at least $2,000 for the possibly 4 or 5 I purchased during that time.

I had written during the time I wore one to Sen. and Congressman about the high cost of wearing one, but only got run around answers.

Their excuses as those of the Mfg. Companies who make Hearing Aids was that so much money had to be spent on research and etc.

I could never understand how one could purchase a Radio for under $10.00 and hear voices from far away places, but have to pay several hundred dollars to hear a voice in the same room with you.

Now I don't think one can buy a Hearing Aid under $600.00 but on the same cheap Radio we could hear the Astronauts talking from the moon.

I think it is quite a racket that they have going, and just try and get one repaired, they send a replacement for $50.00 to $100.00 depending or whether you want a 3 mo. guarantee or 6 mos.

Outside of doing away with the clumsiness of a Hearing Aid which at one time required heavy batteries, there just haven't been that much improvement. They have lightened the instrument and use transistors and etc. which they possibly copied from the Radio.

I hope you will continue your crusade and eventually put a curb on these highway robberies.

Most sincerely,

Mrs. WALTER E. JOHNSON.

JOHN RINGLING TOWERS,
Sarasota, Florida, June 11, 1974.

Senator CHARLES PERCY,
Washington, D.C.

HONORABLE SIR: I was pleased to read in our daily paper (Herald Tribune) that you are calling for a government crackdown on the hearing industry that would limit sales to prescriptions only, and bring an end to this fake industry as it now operates. Last year I found my left ear was not so good. I went to two ear specialists for treatment. All had the same remedy (blow out.) I asked for recommendation for hearing aid. The reply was any of them are good. Will you not make a record for my deficiency? "No" was the answer. They will test your hearing with a machine—detect the ear needing an aid. After paying the specialists altogether $100—I went to a hearing aid set up. Before doing anything I had to deposit $150—half the cost. I did so. Then purchased batteries. The time came to put the aid in the ear and I paid another $175 which included the impression of the ear. Batteries were $2.50—some worked and others were no good. Altogether in one year my hearing aid cost $400. I am a retired high school teacher and my retirement pay must cover my living expenses.

Immediately I condemned the hearing aid dispensaries, ear specialists—all concerned for money not for producing workable aids. My conclusion is the same as yours—doctors who have their degrees in Otolarynology should have thorough testing prescribe the type of hearing aid to write prescription for adequate aid. I am now looking for a good hearing aid some place but everywhere I go they have the same sales talk—why the *high cost?*

Please start investigation of this racket.

Sincerely,

(Miss) JANE COWELL.

LIGHTHOUSE POINT, FLA., *June 11, 1974.*

Senator CHARLES H. PERCY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PERCY: . . . Having read your article in the Miami Herald under date of June 10, and learning that you, like myself, are a hearing aid patient, I thought you might want to know my position (somewhat similar to your thoughts) on the need for an investigation by the F.T.C.

My main gripe is not the aid industry's claims of "cures" but rather the unconscionable overcharge on the instruments. I was told by a member of the industry that the cost of the parts for my hearing aid was about $27. Assuming another $25 for assembly and perhaps so much as $25 per instrument for research, how can anyone ask $400? I now own six aids and while I get some relief for my slight hearing loss, the industry has a ways to go to make a good aid. My complaint is not the financial burden for me. I can buy one each month and still eat. I do however have friends not so fortunate who find the $400 charge a real burden—in some cases it means a loan, with high interest rates must be paid off.

I took this subject up with Nader and his crowd and they replied it was one they could not handle. I bet you have been swamped with letters on this subject. Hang in there and keep up your efforts to bring this matter to the Government's attention.

Sincerely yours,

WILLARD T. KNIFFIN.

JUNE 10, 1974.

DEAR SENATOR CHARLES PERCY: I have enclosed this article from the Herald because I too wear a hearing aid. I am a young attractive woman, in good health & I should like to fight for what you are describing as a "National Scandal" because that is just what it is! These aids are sold to unfortunate people like me & we have to believe what the sellers say because we are handicapped & take their word because we want to hear. I have also a complaint about the batteries which they cheat us with which are "stale" & give us fewer hours than they are supposed to therefore making us purchase new ones before they are supposed to give us better service. As far as David Smith (no relative) (thank God) makes a statement that you have been influenced by consumer protection let him check with me on his Belton service & rising prices. I have a story to tell the Trade Comm. that could blow off the top of their false sales & prices. These instruments help very few people & the unfortunate ones like me are charged enormous prices for an instrument that should be ⅓ of the amount & in that way they take advantage of handicapped people like me. If I had the money I should like to fly to Washington or wherever I could talk to you & help you by telling the Administration & Food & Drug to check these companys also Telex (I have two) to make it easier to help these people. Some-one like you & me can do it.

A test by an ear specialist should be given & not incompetent layman before a handicapped person purchases an aid. This is a serious matter & should be fought by you. I'll help you if you care to hear my story.

I have a sore forefinger therefore my writing is not good. May I hear from you & help you & by helping you in your work we may help hundreds of handicapped unfortunate people.

Many thanks,

ANN SMITH.

MIAMI, FLA.

Senator CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.:

You, Sir, are to be commended for your efforts toward the ending of the nation-wide hearing-aid scandal.

Someone had tackled this plague earlier, but did anything ever come of it? In untold cases it commences with a small ad inserted in a paper or magazine. In rarely heard of cases it ends when some unsuspecting person is swindled out of a tidy sum of money. I am not one of those persons—thanks to New York's Attorney General, Louis J. Lefkowitz opening a branch in Poukeepsie. I lost only the down payment of $39.00. I am afflicted with a nerve deafness, but after this experience (with this experience) I had many afflictions.

Please go after them Mr. Percy. I learned of their being a bad lot.

ARTHUR L. INGRAHAM.

OCALA, FLA., *December 2, 1972*

FEDERAL TRADE COMMISSION,
Washington, D.C.

GENTLEMEN: It has been said that a million hearing aids are sold in a year, that 90% of them to nerve-deaf people, and that 90% of those are resting in bureau drawers and such, because they are worthless so far as any benefit in hearing is concerned, serve only to amplify unintelligle sound, instead of clarifying such sound.

Yet, hearing aids can cost up to $600, if not more, which is as much as a good color television set. Still, the price would be considered relatively secondary if promised results were obtained, but when no benefit at all is achieved, then any price would be too high. Furthermore, if a television set does not perform, the deal can be cancelled. Not so with a hearing aid.

In this business the client has no recourse. If the device is not satisfactory the client is told: "You bought it, You keep it, it's Yours." And I have again been told, with defiance, to "see an attorney."

It seems that the hearing aid business is strictly a sellers' market, and the superficial reason, at least, is understandable, because unlike with the born deaf, the nerve-deaf person has known perfect hearing in his past, but has lost it, therefore he is willing to, and eager to pay good money to regain it, without which life is very incomplete. He begs for help and is willing to pay for it. The hearing aid people hold out that hope for him, and quite naturally the person is a very easy prospect.

After delivery, according to my extensive experience, rejects any further responsibility, except very superficially. Moreover, for his "protection" the full purchase price must be paid before delivery. From there on the buyer is left deserted, according to my experience, and, that of other people I know. It seems that the hearing aid business is the only one, next to the undertakers' business, where the customer is considered surely dead after having been processed.

My own latest experience is as follows: There appeared in a local paper an ad, featuring a new "miracle" hearing aid. I responded to it, as all nerve deaf people are desperate for help, in the hope that finally something new had actually been developed.

On my visit to their office no mention was made of the "miracle" thing, but upon a hearing test I was told that a certain brand hearing aid would be the one for me, and that the cost would be $595. A demonstration was given me, and to my greatest surprise I found untold results. I could hear and understand clearly, from the front, the sides and even from the rear without the slightest help of lip reading.

Naturally I was enthusiastic over those results and placed an order for a unit, custom-made according to my hearing chart, and

felt sure that now I had the answer I had searched for for years. It would seem logical that a custom-made set should be even better than the mere demonstration set.

But to my further, but sad and deep surprise, when this custom-made set was delivered to me it bore no relationship to the "demonstration" set, in that it brought no results whatever. When the man fitted it to my ear and asked how it was, I could not understand him, I told him that his voice was all over the place and that I could not understand a word he was saying. In other words, this set was no better than any. The thing to wonder is why a mere demonstration set could give such amazing results and the custom-made set no results at all.

After much action they finally offered me a refund of the purchase price, less $100. I refused that and insisted on full refund, because the value of the thing was zero.

One is amazed how a business is allowed to flourish as this one does, without any control or restrictions and without standard business ethics or responsibility. It seems fairly impossible in a country like this, and I felt the impulse to report it and the facts as they are.

Very respectfully yours,

——— ———.

THE ROLE OF THE FEDERAL COURTS

Mr. McCLELLAN. Mr. President, on a number of occasions heretofore, I have commented on and expressed deep apprehension about the imbalance that has developed in our system of government, and particularly with respect to the encroachments of the Federal courts upon the constitutional and legislative functions of the Congress.

I have frequently expressed deep concern about the Supreme Court's repeated strained interpretations of the Constitution so as to accommodate alleged protective rights of the criminal to the detriment and impaired security of society.

I have observed with growing anxiety too many Court decisions setting aside State laws, both civil and criminal—decisions thwarting the will of duly elected State legislators and of the people they represent by substituting and imposing the Court's legislative ideas in lieu thereof.

To partially illustrate:

We have seen the Federal courts redistrict our States;

We have seen the will of the majority of the people count for naught, as forced busing of schoolchildren was mandated by the Court; and

We have watched fearfully—with alarm—as convicted criminals in large numbers have been released by the courts—released not because of their innocence but because of some alleged technicality, often minor or contrived, in connection with their arrest, their trial and conviction, and in the sentencing process.

In the last dozen or so years, the Supreme Court has radically changed the rules of criminal evidence in our country. Some of the key cases beneficial to the criminal and detrimental to society were the Mallory decision of 1964, confessions; the Escobedo decision of 1964, confessions; the Massiah decision of 1964, incriminating statements; the Miranda decision of 1966, confessions; the Wade decision in 1967, police lineup identifications; the Witherspoon decision in 1968, capital punishment; and the Furman decision of 1972, capital punishment.

The late Justce Hugo L. Black in his lectures on "The Role of the Courts in our Constitutional System" in 1968 made some pertinent observations, saying—

. . . there is a tendency now among some to look to the judiciary to make all the major policy decisions of our society under the guise of determining constitutionality. The belief is that the Supreme Court will reach a faster and more desirable resolution of our problems than the Legislative or Executive branches of the government. . . . I would much prefer to put my faith in the people and their elected representatives to choose the proper policies for our government to follow, leaving to the courts questions of constitutional interpretation and enforcement. . . .

Most of the framers (of the Constitution) believed in popular government by the people themselves. Like Jefferson they were not willing to trust lifetime judges with omnipotent powers over governmental policies. They were familiar with the lessons of history and they knew that the people's liberty was safest with the people themselves or their elected representatives. . . . [Hugo L. Black, Carpentier Lectures, Columbia University Law School, Mar. 20, 21, and 23, 1968]

Mr. President, I have read with interest an article in the May 1974 Texas Bar Journal entitled "The Dictatorship of Federal Courts" written by the Honorable Ed Gossett, formerly a Member of Congress and presently a judge of Criminal District Court No. 5, Dallas County, Tex. Judge Gossett concludes that—

In the last twenty-five years, our Supreme Court has become a super legislature responsible to no one. It has become a continuing Constitutional Convention without an elected delegate. It has become a dictatorship, unlimited. It has made a shambles of the Constitution.

In discussing the Supreme Court's decision in cases involving the sentence of death, Judge Gossett states—

In outlawing the death penalty, the Supreme Court has removed the shotgun from over the door of civilization. To abolish the death penalty is an insult to the decency and dignity of man.

Mr. President, I commend Judge Gossett's article to my colleagues and to all who are concerned with restoring and maintaining the proper balance in our three-branch system of government. I ask unanimous consent that this most illuminating and provocative article be printed in the RECORD in its entirety following my remarks.

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

[From the Texas Bar Journal, May 1974]

THE DICTATORSHIP OF FEDERAL COURTS

(By Ed Gossett)

The absolute monarchs of the Supreme Court are killing the "glorious American experiment in democracy."

Thomas Jefferson anticipated this catastrophe when saying: "It is a very dangerous doctrine to consider the Judges as the ultimate arbiters of all of our Constitutional questions; it is one which would place us under the despotism of an oligarchy."

We do not question the integrity of any judge. We simply condemn a system and a philosophy that invite the unrestrained dictatorship of the federal courts.

In the last twenty-five years, our Supreme Court has become a super legislature responsible to no one. It has become a continuing Constitutional Convention without an elected delegate. It has become a dictatorship, unlimited. It has made a shambles of the Constitution.

The U.S. Conference of Chief Justices meeting in Pasadena, California, on August 23, 1958, considered the unanimous report of its committee on Federal-State Relationships as affected by judicial decisions (meaning federal court decisions, primarily those of the Supreme Court).

They filed a lengthy and scholarly report affirmatively approved by 36 Chief Justices. They viewed with alarm the usurpation by Federal Courts of powers belonging exclusively to the states. They predicted that if such a trend continued it would destroy the Federal Republic. At its ensuing convention the American Bar Association simply looked the other way. Such trend has continued.

Now we briefly document aforesaid allegations. Let's look first at the civil side of the docket.

Under the authority of Baker v. Carr, Reynolds v. Sims, Gray v. Sanders and other cases, state constitutions, state laws, state courts, and all state political institutions have been at the complete sufferance of federal courts. Federal courts have nullified numerous provisions of state constitutions, held hundreds of laws, both state and federal, to be unconstitutional, and have dictated to all state courts and to all state political organizations.

In 1965 a federal court redistricted Oklahoma and changed the size and composition of both houses of the State Legislature. Just now a federal court is redrawing the congressional districts of the State of Texas, nullifying an act of the State Legislature. All are familiar with the havoc caused by forced school busing imposed by federal courts. The federal courts in fact have usurped much of the authority of every class of elected state official.

We have been in war most of this century to make the world safe for democracy. We have fought some of those wars, i.e., Korea (33,629 killed, 103,284 wounded) and Vietnam (46,000 killed, 304,000 wounded) for the specific purpose of giving those people the right of self-determination and self-government. We have helped to create at least a dozen independent states in Africa on the theory that people have a right to self-determination. Ironically, at frightful expense, we have tried to spread democracy all over the world while destroying it at home. Incongruously, our foreign policy has been anti-colonial while our domestic policy has been colonial.

Incentive, imagination, initiative, individualism, and diversity in all facets of our lives made this country great. Now, thanks in large part to the Supreme Court, we are replacing these things with the stagnation of regimentation.

The most liberal member of the Constitutional Convention must be turning over in his grave at what our Supreme Court, in the last twenty-five years, has done to his Great Charter of Liberty, a charter for the separation and limitations upon governmental powers; his system of checks and balances, so painfully contrived, has been destroyed.

The Federal Judiciary has nullified the Tenth Amendment to the Constitution, which specifically states "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Now to the criminal side of the docket, with which this article is primarily concerned. The Court has stripped society of many of its old, proven, and legitimate defenses against crime. During the first 150

years of our nation's history, state courts were responsible for law enforcement in 90% of intrastate crime; and they did a good job. Now the federal courts have placed state courts in a procedural strait jacket; they have stymied good law enforcement.

Instead of helping to stop the crime floods our federal courts have been shooting holes in the dikes. We enumerate several examples which can be multiplied manyfold. In Mapp v. Ohio (1961) the Court held that evidence obtained by so-called illegal search and seizure cannot be used as evidence in state courts. An example of how this works is the case of Daniel William Grundstrom tried by our court, Criminal District Court No. 5, Dallas County, Texas, Grundstrom, who had numerous prior arrests, two prior convictions for burglary, and one for theft, committed an armed robbery in the City of Dallas. He was seen fleeing from the scene and an alarm was broadcast for his apprehension. He ran a red light and was stopped by a traffic policeman. The policeman had not heard the alarm and did not know of the robbery. When he arrested Grundstrom he found the guns, the money and other loot taken in the robbery occurring a few minutes earlier. Grundstrom was tried and convicted and given 25 years in the Texas Department of Corrections. Later he sued out a writ of habeas corpus in a federal court. The federal court held that since the traffic officer did not know of the robbery he had no right to search the car (had he known of the robbery the search would have been "legal"); therefore, the fruits of the robbery could not be used as evidence. Grundstrom was freed because arrested by the wrong cop. Within a few months he committed another robbery in the City of Midland, was tried and convicted and is now back in the Texas Department of Corrections.

Another example of the federal courts' imposing a flimsy technicality on a state court and freeing an habitual criminal, is the case of Alvin Darrell Slaton, tried in our court. This man, with a long criminal record, was tried in 1966 for the possession of narcotics and given a 40-year sentence. In 1971, he filed a writ of habeas corpus in the federal court alleging that he had been tried in his jail uniform against his will. The federal court ordered our court to release such prisoner because he was deemed to have been prejudiced by having on a jail uniform during his trial. Within a few months after his release, he shot a man five times in the head and was again caught with a large amount of narcotics.

In *Gideon* v. *Wainwright* (1963) the Supreme Court held that the state must provide free counsel for felony defendants at all stages of prosecution. As a result of this and other cases, thousands of convicts have been turned out of penitentiaries all over the United States, not because they were innocent, but on the ground that they had not been represented by counsel when they entered their pleas of guilty to various crimes, or that they had been inadequately represented by counsel, or other procedural technicalities.

In *North Carolina* v. *Pierce* (1969), a federal court held that a defendant, once convicted in a state court and given "X" number of years, cannot thereafter be given any greater penalty if his case is reversed on appeal. These and other rulings have led to thousands of frivolous appeals by defendants, since they have nothing to lose by appealing; also, many can now serve their sentence in county jails rather than in the state penitentiaries. This further overloads jails and court dockets. Largely because of technicalities imposed on state courts by federal courts, it takes four to five times as long to dispose of a criminal case in America as it does in England.

Another Dallas County, Texas, case in point is that of Edward MacKenna (1957). MacKenna, who had seven prior felony convictions, was found guilty of felony theft and sentenced to eight years in the penitentiary. His case was unanimously affirmed by the Appellate Court. After serving four years MacKenna was freed by a federal court (the Fifth Circuit). The Court said the State had denied said defendant "due process" because the trial judge had refused defendant a continuance (not shown to be harmful) and had wrongfully appointed an attorney to assist him, whereas defendant wanted to represent himself without assistance.

This case is notable primarily because of two dissenting opinions by two able and distinguished judges, i.e., the late Justice Hutcheson and the late Justice Cameron. Justice Hutcheson condemned "the flood of activist federal decisions" and said of the MacKenna case: "It is another of the growing number of cases in which federal appellate courts, asserting a kind of moral and legal superiority in respect to provisions made by state legislatures regarding criminal trials and the proceedings in state courts in respect of such trials, which they do not have, seek to exercise a suzerainty and hegemony over them which, under the Constitution, they do not now have, and, if we are to continue to hold to our federal system, they cannot in law and fact exercise." The judge, with irrefutable logic, states emphatically that "if such decisions continue to be the rule, the states and their courts will be indeed reduced to a parlous state, and the federal union will be no more." (To same effect see former Attorney General Elliot L. Richardson's article "Let's Keep It Local," June 1973 issue Reader's Digest.)

Agreeing with Justice Hutcheson, Justice Cameron said: "The majority here looses the long insensate arm of the federal government and impowers it to filch from the hands of the officials of a sovereign state the key to the jail house and to set free one who was duly and legally convicted of violating the laws, not of the nation, but of the State of Texas."

In *Jackson V. State* (1964) in the Federal District Court, Northern District of Texas, Judge Leo Brewster in denying an assault by a federal court upon a state court, said of his activist brethren: "A layman from another country reading these motions would likely get the idea that the real menace to society in the case was not the criminal who was convicted even of a heinous crime, but the trial judge, the prosecuting attorney, the investigating officer, or even the counsel for the defendant, who had labored conscientiously and well for his client, sometimes without pay."

In *Miranda v. Arizona* (1966) the Supreme Court made it extremely difficult to obtain a confession to a crime. All of the warnings you see on the TV crime shows are required by the Miranda decision. In effect, an officer must try to talk a defendant out of a confession before he can accept one. In *Davis v. Mississippi* (1969) the Federal Courts freed a State prisoner because an officer fingerprinted him prior to arrest without his consent; thus, evidence linking him to the rape of an 85-year-old woman could not be used. In *Massiah v. The United States* (1964) the State was forced to release a guilty defendant because incriminating statements were elicited from him in the absence of his counsel. In *U.S. v. Wade* (1967) the Supreme Court held a robber convicted even upon the positive identification of the victim, must go free if such positive identification was in any way bolstered by seeing the defendant in a police line-up to which he had not agreed.

If you have read Truman Capote's excellent book in Cold Blood, you were doubtless horrified when a whole family was exterminated by two ex-convicts. Hardly a day goes by without such atrocious episodes being repeated in some part of the country.

Since 1967 the federal courts have enjoined all executions. In 1968 the Supreme Court in *Witherspoon* v. *Illinois* made it practically impossible to select a jury with enough courage to assess a death penalty. In 1972 came the real coup de grace to effective law enforcement when the Supreme Court in effect abolished the death penalty. Its decision saved from death many confirmed sadistic criminals who were multiple killers for money of innocent victims. Now itinerant human parasites roam the country robbing and killing with little fear of the consequences. It is more than a happenstance that since 1967, major crime in this country has doubled. Rapes, robberies, kidnappings, murders, skyjackings and assassinations have become commonplace daily occurrences. In the last 25 years, due in part to Federal Court mandates, the safety of "our lives, our property and our sacred honor" has been subjected to constant erosion. The effective abolition of the death penalty has further eroded these values immeasurably, and has made our situation intolerable. While most states have rewritten their death penalty laws in an effort to comply with the Supreme Court decisions, it will be many years before any criminal can be executed, if at all and if ever.

Almost daily, the defiled and mutilated body of somebody's wife or daughter is pulled from the bottom of an old well, recovered from some dilapidated shack, or found floating in a muddy stream. The Federal Courts prevent any real punishment of the savage perverts committing these horrendous crimes.

Have we lost our sense of value? Has society lost the right and power to defend itself? Are we no longer capable of righteous indignation? Do we accept all of this horrible debauchery as a way of life?

In outlawing the death penalty, the Supreme Court has removed the shotgun from over the door of civilization. To abolish the death penalty is an insult to the decency and dignity of man. Every intelligent student of history knows that when the Founding Fathers outlawed "cruel and unusual punishment" they were simply outlawing medieval torture methods such as burning, starving, mutilating, or flogging to death.

A sad, indisputable fact of life is that human mad dogs exist, it is not only stupid but is "cruel and unusual punishment" not to execute them. The doctor's knife must be cruel in order to be kind. If the ruptured appendix is not removed, the patient dies.

The death penalty is prescribed in certain cases by all major religions. The Bible, the Talmud, and the Koran all approve of death as a necessary punishment for many crimes. All of history, both sacred and secular, upholds the validity of the death penalty.

Our indictments conclude with the phrase "against the peace and dignity of the State." We have compelled hundreds of thousands of our finest young men to die in combat for the peace and dignity of the State. Is it too much to compel a self-admitted and declared enemy of society to die for the same reason? Why kill the lambs and let the wolves go free?

In their several opinions nullifying the death penalty statutes of the States, the Supreme Court intimates that in some cases the death penalty might be constitutional. In effect, they say, "You plebeians at the State level are incapable of making this decision." They apparently feel that most state officials are either stupid or dishonest.

Before a State can carry out the death penalty, the following State officials, all sworn to uphold the Constitution and to see that justice is done, must approve:

1. The State Legislature that passes the law.
2. The Grand Jury that indicts the defendant.
3. The District Attorney's Office (not sworn to get death penalties but to see that justice is done).
4. Twelve Petit Jurors.
5. The State Trial Judge.

6. The Judges of the Appellate Tribunal.

7. The Board of Pardons and Paroles, or Clemency Authority.

8. The Governor of the State.

Is it reasonable that one appointed Justice of the Supreme Court (as in 5-to-4 decisions) should repudiate the unanimous judgment and authority of thousands of elected State Officials? To plagiarize Shakespeare, upon what meat hath these our Caesars fed, that they have grown so great?

The greatest reason for punishment is deterrence. Normally, people will not do what they are afraid to do; and the one thing of which all men are afraid is death. Death remains the greatest deterrent to aggravated crime.

The public has been harassed by the recent rash of skyjacking. Now we are preparing to spend billions of dollars on so-called sky safety. The death penalty would not stop skyjacking, but it would greatly reduce it. Also, we have the unusual and humiliating experience of spending untold millions for guarding hundreds of candidates for public office from assassinations. The death penalty would not stop this degrading menace but it would greatly reduce it. Economics, morals, even survival, all cry out for the death penalty as we have heretofore known it.

We submit that a failure to execute any of the following (if guilty and sane) is a reflection upon every decent value known to civilization and reduces man to a bestial level.

1. Kidnappers who injure or destroy their victims.

2. Persons like John Gilbert Graham, who in 1955, planted a bomb on a United airplane which killed his mother and 43 other people. (He died in Colorado's gas chamber prior to the gratuitous interference of the Federal Judiciary).

3. Richard Speck, who brutally murdered eight nurses in an orgy of destruction. (Because of the Supreme Court's ruling, his sentences were commuted to Life).

4. Bobby A. Davis, given the death penalty in Los Angeles for killing four Highway Patrolmen. (Voided by the Supreme Court).

5. Charles Manson and his sadistic crew who killed numerous people simply for the fun of it.

6. Lee Harvey Oswald, who assassinated President John Kennedy.

7. Sirhan-Sirhan, who assassinated Robert Kennedy.

8. James Earl Ray, who assassinated Martin Luther King.

9. All assassins, including those who shoot down policemen because they hate cops.

10. Juan Corona, convicted of butchering 25 people.

11. Those who kill or endanger life by planting bombs in public buildings.

Recently tried in our Court was a defendant who shot three women in three separate one-clerk grocery store robberies within a period of ten days. They were literally mutilated while begging for their lives. This defendant told the jailer that these women were killed to remove witnesses. Without the death penalty robbers have every incentive to kill their victims. This robber's death penalty has been commuted to life because of the Supreme Court decisions.

Recently, Walter Cherry, a known addict with a long criminal record who was doing a life term, escaped. Two Dallas Deputy Sheriffs went to arrest him at a motel. He killed one and wounded the other. His death sentence has been commuted because of the Supreme Court decisions.

Recently in Fort Worth an ex-convict with a long criminal record kidnapped two young men and a young woman on a city street. He drove them to a lonely spot in the country, killed both of the young men, raped the young woman and then choked her to death with a broomstick. His death penalty has been commuted to life because of the Supreme Court decisions.

In 1971, Adolfo Gutzman and Leonardo Ramos Lopez, two ex-convicts being investigated for burglary in Dallas County, captured four deputy sheriffs, carried them to the Trinity River bottom, all handcuffed, and killed three of them as they begged for their lives. Because of the Supreme Court decisions their death penalty convictions were reversed. They will live to kill again.

In 1946, Walter Crowder Young was sentenced to death for a brutal rape. In 1947 his sentence was commuted to life. In 1957 he was paroled. A few years later he kidnapped an eight-year-old boy and his eleven-year-old sister. He took them to an abandoned shack, crushed the boy's head with a hatchet, and left him a permanent and hopeless cripple. He then forced the little sister to commit sodomy on him. How many families must a man destroy before he should be executed?

Our cities have become barbarous jungles. We bow our heads in shame when we contemplate that the city of Washington, our Nation's Capital, is perhaps the most crime-ridden big city in the world. In Washington, all of the courts are federal. (It is significant to note that no one has been executed in the City of Washington since 1957.) In 1972 there were 79 bank robberies in the Washington area alone. In Washington, citizens are afraid to walk the streets alone even in the daytime. Many a young woman has gone to Washington to earn her living only to lose her life or be psychologically destroyed at the hands of a rapist-murderer. The rapist-murderer is probably not caught; if caught, probably not convicted; if convicted, probably given a light sentence instead of the death penalty which the crime demands.

Throughout this nation, thousands upon thousands of small businesses have been forced to close their doors because of repeated robberies and the proprietor's fear of death. Thousands of communities have formed vigilante committees in an effort to defend themselves since they cannot rely on their government for protection. Furthermore, in the last 25 years, the employment of security guards by private business has increased a thousandfold.

In the March 1970 issue of Reader's Digest appears an excellent article by Senator John L. McClellan (a great crime investigator and foremost authority in Congress on the subject), entitled "Weak Link in Our War on the Mafia." He cites numerous cases demonstrating how the federal courts have failed in law enforcement. In 1973 there was far more federal anti-crime money spent in Dallas county than ever before; yet, horror-crime increased almost 25%. Federal money flows and horror-crime grows.

While the Federal Courts insist on procedural regularity from others, they are the greatest violators of the same. The Federal Courts should remove the beam from their own eyes before trying to cast the mote from the eyes of the state courts.

We suggest that all the Don Quixotes who are riding their white horses off in all directions in their puny declared wars on crime might well tilt their spears in the direction of the Federal Judiciary.

In 1954 in the case of *Terminello* v. *State*, the Supreme Court nullified an Illinois statute under which Terminello had been convicted for inciting a riot. They held that the law was an invasion of the defendant's right of free speech (another 5-to-4 decision). In a dissenting opinion the late Justice Jackson with prophetic ken stated, "Unless the Court is dissuaded in its doctrinaire logic we are in danger of compounding the Bill of Rights into a suicide pact."

The great English critic Macaulay and the great French critic de Tocqueville both predicted America's self-destruction. (We omit the late Mr. Khrushchev's well known pronouncement on the subject.) De Tocqueville based his prediction primarily on the political power of American judges. For a judge to become a legislator is repugnant to the fundamentals of Anglo-Saxon jurisprudence; yet much of the revolutionary legislation of the last 25 years has come from the Supreme Court.

The Justices of the Court are not little gods. Yet, the monarchs who claimed divine sanction were not so powerful as they. The power controversy now going on between the President and the Congress is a tempest in a teapot when compared to the cyclonic power possessed by the Supreme Court.

Whether good or bad, wise or foolish, right or wrong, no federal judge should have absolute power. It's not a question of whose ox is gored; it's a question of goring the ox to death whose ever ox he is. Such power is repugnant to every principle of democracy and freedom.

Whether it's the Hughes Court blocking Mr. Roosevelt's reforms or the Warren Court destroying the States, the Supreme Court's power must be limited.

ED GOSSETT

Ed Gossett is chairman of the State Bar of Texas Federal Court Study Committee but this article is a statement of personal views and should not be regarded as a report of that committee.

He is judge of Criminal District Court No. 5, Dallas County. As such judge, he has tried over 125 jury, and over 1,000 non-jury felony cases per year, believed to be a national record.

Judge Gossett served two terms as district attorney of the 46th Judicial District. He served 13 years in Congress, representing the Wichita Falls district, and served on the Judiciary Committee. He resigned from Congress Aug. 1, 1951 to become general attorney in Texas for Southwestern Bell Telephone Company, a position he held for 16 years. He went on the bench in February 1968.

PRIVATE PROFITMAKING VOCATIONAL EDUCATION INDUSTRY

Mr. BROOKE. Mr. President, on April 4, In inserted in the CONGRESSIONAL RECORD a series of articles from the Boston Globe on the current status and practices of the private profitmaking vocational education industry.

At that time, I said that the questions raised by the Globe series demanded a response from the Congress and the administration for it is largely through the operation of various Federal funding techniques that this industry is supported.

Inadvertently, four of the articles in the series were omitted on April 4. I ask unanimous consent that these articles be printed in the RECORD for the sake of completeness.

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

[From the Boston Globe, Mar. 30, 1974]

INSIDER SAYS BELL & HOWELL USES ITS NAME TO "HUNT" STUDENTS

(Anyone can sell with our leads and our deal. It's the best around and those here for a free ride will soon have an awakening.—Bell & Howell bulletin to a salesman.)

A rare inside view of one of the largest big-name correspondence schools in the country reveals it to be a fast-buck operation with little regard for its students.

A former regional manager of the nation's second largest seller of home-study education—Bell & Howell—claims the school bullies its sales force and gives its students short shrift, with the "annual revenue figure the only thing that counts."

For several months in 1973, Wallace C. Ralston was responsible for overseeing a network of 15 salesmen in New York and New

Jersey and was intimately familiar with the New England district, which brings in "a minimum of $4.3 million a year"—making it one of the top sales areas in the firm.

Ralston rose to the managerial level with Bell & Howell despite a tainted background that the company apparently knew about when it put him at the helm of one of its sales regions.

About three years before he was hired, Ralston was arrested in Saigon carrying the seafaring papers of a dead man. Federal agents were waiting in San Francisco to interrogate him about a stolen stock scheme that involved some underworld figures.

Once a well-to-do insurance executive, Ralston returned home a penniless soldier of fortune.

Ralston eventually turned state's evidence and received suspended sentences for charges of receiving stolen goods. He had been "duped" by the pros, according to himself and the prosecution.

He tried to get back into the job market in 1971. It was not easy. "I tried everything to get work. The only industry open was home study. I hated selling, but I had no choice."

He started as a salesman for the Famous Artist Schools, but within two years held executive positions with the International Correspondence Schools of Bell & Howell.

Ralston was appointed regional manager for Bell & Howell in 1973—about one week after pleading guilty in Suffolk County for his part in the stock case. A company executive confirmed Bell & Howell "cleared" Ralston for employment after his background was checked.

Ralston said Bell & Howel. is one the "big three" in the industry with course sales of at least $63 million a year.

Ralston's experiences offer an incisive view of how a big name in the correspondence industry operates.

"The major schools all use a fairly standards sales approach that boils down to this: the prospect is put in a position where he has to convince the school he's qualified and then perhaps he'll be recommended for acceptance. It's a farce. Just about everyone who's willing to buy can qualify," he said.

"Bell & Howell has the added dimension of having a well known name which it uses to the hilt. It tries to disassociate itself from being just another school and make you think it's like dealing with General Motors or something."

Bell & Howell's admitted "bestseller" is a $1595 course known as home entertainment electronics; Ralston calls it the "free TV gimmick" where salesmen seek out former servicemen who are willing to use their GI bill benefits to "buy" a 25-inch color television set that costs Bell & Howell less than $500. It retails for about $650.

Ralston claims the sales force is directed to look for prospects who are on what the trade terms the "mooch list—those veterans who will buy anything as long as the government is paying."

While the Veteran's Administration, by law, allows payment only for vocational courses that can lead to employment or job advancement, the requirement is flouted throughout the industry. One Bell & Howell executive admitted that a substantial number of veterans take the courses as a hobby or "up-dater."

The school's manual exhorts salesmen to develop their own lucrative veteran leads by checking draft boards for recently discharged men and purchase names "at a reasonable price" from local American Legion and Veteran of Foreign War posts.

Ralston's contention that the "free TV" sells the home entertainment electronics course was borne out in an interview with Bell & Howell salesman Joseph Sigwarth of Marshfield.

A Globe reporter, posing as a prospective student, described himself as a veteran who was definitely "not interested in becoming a repairman. I'd just like to get the color TV."

Sigwarth, who is also licensed to sell for one of Bell & Howell's competitors, responded: "I understand."

Q. I don't want to use it for anything. I just want the TV.

A. All right.

Q. You don't think I'll have any trouble with the VA on this? I mean I'm not training for anything.

A. That's no problem. There's lots of people that take training just for personal benefit.

The Bell & Howell name, the prospect's natural desire to appear assertive and the fear of rejection combine into a potent selling tool that earns some salesmen more than $50,000 a year.

The irony is that anyone willing to buy is nearly always accepted. Ralston said immigrants speaking broken English were enrolled in fairly sophisticated electronic courses. One of them, a Filipino living in Somerville, said: "I paid $200 and wanted my money back. I wrote a letter but instead school says I owe more . . . They took advantage of me because I am not from this country. I was in a hurry to learn so I try this."

The Bell & Howell manual states: "Almost invariably, the prospective students who contact us requesting information . . . can qualify for at least one of the programs." Indeed, the TV course, which accounted for eight out of every 10 sales in 1973, requires but an eighth-grade education.

In a signed statement, Ralston disputes the school's claim of excellence. Based on documents or discussions with sales executives, he claims:

Only 12 percent of those who enrolled in Bell & Howell courses actually graduated.

The school division is knowingly lax in licensing salesmen and frequently lets them sell courses during a trial period before paying fees to register them in states, like Massachusetts, that require licensing.

Salesmen are discouraged from having detailed knowledge of course content, but rather are briefed mainly in answering questions that resist a sale.

Some high-powered salesmen use a so-called "bird-dog" network in which persons in technical industries provide names of prospects and receive about $25 per enrollment. This appears to circumvent the licensing requirement in Massachusetts.

Ralston said pressure from the Chicago-based operation for increased productivity and blind acquiescence to company policy was unremitting.

At a meeting of regional managers last year, Ralston said, blank registration forms were distributed to be signed at any point the manager disagreed with announced policy.

Another memorandum, from Stuart Cohen, vice president in charge of sales, ordered salesmen to work through last Labor Day weekend or be cashiered.

The salesmen were directed to sell 20 courses a month—with at least one third from self-developed leads. Failure, it was strongly implied, could result in dismissal.

Such tactics result in a staggering personnel turnover. Cohen admits that at least half of Bell & Howell's sales force change jobs each year, but contended "the rest of the industry has a 100 percent turnover every year."

Cohen, the man in charge of sales output, professed to have no knowledge of specific facts that vitally affect his volume. "That's for student services . . . That's a field question . . . Our accountant would know . . ." He denied all of Ralston's allegations and even claimed that Bell & Howell did not use the negative sell "because there is nothing negative about our product."

Cohen erroneously claimed the Federal Trade Commission (FTC) cleared the operation last year after Bell & Howell made some "minor adjustments." The FTC, according to Consumer Education Division Director Herbert Ressing, is still investigating the company.

While Cohen maintains Bell & Howell takes a highly sophisticated approach with its sales force, he frequently uses banal selling contests as production incentives.

Last May, he offered what amounted to normal traveling expenses for most salesmen as prizes.

"There are three treasure chests buried in your region," he wrote, referring to varying amounts of free gasoline, tires and auto insurance.

"Here's a modern day's buccanneer's bounty that you certainly should dig. . . . Swing your treasure-hunt to E (for enrollments) . . . Good hunting." It was signed Stu "Captain Kidd" Cohen.

George P. Doherty, president of Bell & Howell schools and corporate vice president, was asked for the specific date Cohen declined to provide. Doherty claimed a 45 percent completion rate and a 70 percent job placement rate. (He later said only half the graduates get jobs.)

Asked to document his assertions, Doherty said "I don't know how to document that. I've never been asked to before. . . .

"But let me tell you a couple of things about home study. Most are already employed and they're not high school graduates. . . . The need for placement is not high. Most take the course for an update in the field. . . ."

Ralston has a radically different perspective on the industry. "It's a real whore business. The salesmen and executives more from one similar firm to another like nomads. The salesmen don't know or care about what they are selling and executives only talk about quotas. That's education?"

Ralston has now "burned his bridges" in a business he claims "sells education like vacuum cleaners to people who can't use it and can't afford it."

At 48, he's taking courses at a state college and hopes to become a social worker. "There's got to be something better than I've known," he said.

TAKE YOUR TIME BEFORE YOU SIGN

Prospective vocational students can protect themselves from bitter experiences by taking a few precautions in selecting a school. Here are some guidelines to follow:

Consider public vocational schools in your field. You can get names from the state Education Department.

Shop around for a school. Don't sign up with the first school salesman who comes to your door.

Be wary of salesmen who are paid by commission. Some will say anything to get you to enroll.

Beware of these sales tricks: binding contracts disguised as "enrollment applications," rosy pictures of employment opportunities and pressure to convince the school "you are good enough for us to accept."

Demand written and signed evidence of completion and placement figures from any school you are seriously interested in. Keep a signed copy—it could help you prove misrepresentation, if need be.

Visit the school, sit in class, talk to your future teacher, and some current students.

Demand names and phone numbers of some recent graduates in your field and some dropouts, and call a few of them for their opinions of the school.

Look in the Yellow Pages for names of employers in your field and call a few for their opinions of the school.

Don't be persuaded by the fact that a school has a "placement service." You may find later that means nothing.

Don't be persuaded by the fact a school is "accredited" or "licensed." This often means little.

File any serious complaint about a school with the attorney general's Consumer Protection Division; licensing officials at the State Education Department or (for driving schools) the Registry of Motor Vehicles; the regional office of the Federal Trade Commission; the Better Business Bureau; and any professional group in the field of your school. Prod them to act.

THE THINGS THEY WILL SAY TO MAKE A BUCK . . .

The Globe Spotlight Team interviewed more than 100 school salesmen or executives during its four-month probe of vocational education.

Their sales chatter is replete with the non-sequiturs and inanities of anxious men determined to sell you something or defend themselves, even if it means resorting to double-talk.

In the interivews that follow, the executives were questioned by The Globe and the salesmen were talking to reporters posing as prospective students.

Douglas Springmann, former director of Career Academy in Boston:

Asked about misrepresentation by his sales force, Springman said, "I'm not the person to talk to on this."

Globe. Who is?

A. William Taylor.

Q. Well, when can we talk to him?

A. You can't. He's no longer with us.

Thomas Fortier, salesman for New England School of Investigation:

"Here's quite a story. Take this name down. Heriberto M. of Dorchester. Now he doesn't have the best background by any stretch of the imagination. He barely speaks English. He had everything wrong going for him, but we got him a job with a detective agency."

(Heriberto, however, turned the job down.)

Robert Burns, Salesman at Career Academy:

Burns. How did you do at school?

A. OK.

Q. Could you have done better?

A. Yes.

Q. Why didn't you? Were you immature? Are you sorry now?

A. Yes.

Q. Are you really sorry? Are you sorry you stopped your education when you did?

A. I think that's established.

Edward Calamese, salesman for ITT Tech's medical assistance course:

"You work as a nurse in the wards. You do all the things a nurse would do at a hospital.

Reporter. I could give shots?

A. Right, sure, yep. This is true. We have rubber arms for that, but you can take blood from each other.

(Medical assistants are prohibited by law from performing such duties at Massachusetts hospital.)

Vito Augusta, former salesman, Andover Transportation Training Center:

Reporter. Can I put down less than $200.

A. No. You got to put the $200 down.

Q. I can't. I don't have enough.

A. First of all, can you give me $100 tonight?

Q. Can I give you $50?

A. Sure.

Arlan Greenberg, New England Tractor-Trailer owner, who claimed his salesmen are on salary and commission.

Globe. How much is the commission?

A. $100 a student.

Q. How much is the salary?

A. $40 a student . . .

Globe. You've been caught speeding a number of times. Can you tell me about that?

A. Oh, that's for sure, and I'll get caught a lot more too . . . My man, I travel better than 60,000 miles a year and I musta got caught a million times. In fact, if there's a radar trap I just pull into it. Ha. Ha . . . I haven't got caught this year yet, knock on wood.

George Zack, salesman for ITT Tech. Boston:

"Now the president of the National Assn. of Trade and Technical Schools (NATTS) is a man named Charles Feistkorn. He also happens to be director of our school, so you can bet your bippy that everything is right down the line (at ITT) . . . I'm an honorable man. I'm a man of integrity. You couldn't have more integrity than have your school director be president of NATTS, which is in Washington, D.C."

(Feistkorn has never been president of NATTS. He is one of 13 directors of the association.)

ATTORNEY GENERAL'S OFFICE USES BAND-AID APPROACH TO ABUSES

The attorney general's Consumer Protection Division has taken a Band-aid approach to abuses by private vocational schools in Massachusetts when they appear to need radical surgery.

The division is content to get back some money for some fleeced students rather than attack the systemic problems of sales deception and misrepresentation of course quality.

It has taken court action against schools just three times in five years, with two suits filed only after learning of the Globe Spotlight Team investigation of proprietary schools in the state.

In short, the Consumer Protection Division has taken the easy way out while students are routinely being victimized by rapacious salesmen and poor training.

Arnold Epstein, a former state representative and political appointee to the consumer division, is the one man in state government most able to take remedial action. Yet he is passive and apparently unaware of rampant abuses in the field.

In fact, he even tried to dissuade a Globe reporter from doing a story on career training schools, claiming that "basically, we've pretty much cleaned up the industry."

His assertion must be taken on blind faith because Atty. Gen. Robert H. Quinn has personally intervened to close the division's complaint files to The Globe. One of the reasons cited was the schools' right of privacy.

Quinn's action—which flies in the face of a public record law that will go into effect in July and which Quinn emphatically supported—overruled the Consumer Protection Division director, who initially promised full access to the files. Closing of the complaint files means there is no way to monitor the agency's activities and to pinpoint the most troublesome schools.

Earlier, Consumer Division Director Herbert Goodwin told The Globe: "You can see as much as you want. We don't want to hide anything from you. In fact, I think what you're doing is one good way of finding out which schools are screwing their students and which are not."

Goodwin's openness was shortlived.

First Asst. Atty. Gen. Paul Good, miffed at the very thought of outside monitoring of the division's performance, was asked how it could be determined whether the public was being properly protected.

"We'll tell you," he said. "That's how. You don't need the names (of schools and complaining students) to get that. We'll tell you."

Under a law that goes into effect this July, it appears clear that the current view of the Legislature—and one that had the effusive support of Quinn himself—would make most of the records at issue open for public inspection.

In 1973, Quinn, in opposing restrictive amendments to a broadening of public disclosure laws, said, "The Department of the Attorney General is fully in accord with the . . . liberalization of access to records maintained by the commonwealth . . ."

Quinn was "hopeful" the new law "would overcome the reluctance of the Supreme Judicial Court (SJC), as expressed in the past opinions, to fully effectuate the purpose of public record statutes."

Ironically, Quinn's first assistant relied on past SJC interpretations of the existing public record laws as one of the reasons for banning review of the files.

Quinn's penchant for caution and secrecy in some consumer areas rankles the president of the Eastern Massachusetts Better Business Bureau.

Leonard L. Sanders has personally requested Quinn to notify the bureau of any cease-and-desist order filed by his office against schools and other firms "so we can inform the public about deceptive practices of named companies."

Quinn has never complied with the request.

"The consumer protection law is the one way the public has to find out what firms are using unfair and deceptive practices, but unless it gets the information it will remain in the dark," Sanders said.

"For some reason—poor performance of the law or just fear of exposing the firms—Quinn doesn't want us informing the public."

While the Consumer Division admittedly may have "bigger fish to fry" than unscrupulous vocational schools, it has given scant attention and manpower to a festering problem.

Epstein is the only investigator who deals with the schools regularly, and he estimates the schools account for less than 10 percent of his time—not even an hour a day.

Epstein, who was appointed to the job because of his unflagging loyalty to Quinn when Quinn was Speaker of the House, was originally hired through an "0-3" temporary employee contract that circumvents Civil Service requirements. He got the job five months after being defeated for re-election from his Brighton district in 1968.

He is now a permanent state employee making $12,740 a year.

Epstein, a registered pharmacist, also owns two drug stores in the Brighton area, which he visits frequently during working hours. He claims he just stops for "five to 10 minutes in the mornings. . . . As a general rule, I don't work at my stores during normal business hours."

One weekday, in midafternoon, The Globe paid him a surprise visit at his Melvin Pharmacy on Commonwealth avenue.

Epstein, who frequently cites lack of manpower in the Consumer Division as a major enforcement problem, was immediately asked if he was taking a day off.

"No, no," he said after a short pause. "One of my fellows is out sick and I'm here on a vacation day."

According to a former member of Quinn's staff, Epstein was absent frequently from a job that almost never required him to leave the office. "Arnie's a good guy and means well," the source said, "but if he was there the equivalent of two full days a week, it was definitely an exceptional week. He came in late, left early—when he came in."

During the interview with The Globe at his drug store, Epstein suddenly spotted a photographer taking his picture and ducked down beside his cash register, hiding from view. Still crouching, he said, "You check. I'm down (at the attorney general's office) for a vacation day. You check."

A copy of his work sheet has no notation listed on the date in question—Dec. 10. It does show, however, that Epstein took five weeks of vacation a little more than a year after he went on the permanent payroll.

It was also revealed that two weekdays Epstein admits he spent working in his store

were not reported as days off to the Consumer Protection Division. He said they were compensation time for having worked on two unspecified "skeleton force" days at the State House.

Epstein argues that he is doing a "good job" as an investigator and is comfortable with working out settlements with schools on students refunds and doing little more—even though he admits there are other more serious abuses.

He said schools prefer to deal with the consumer protection division rather than to go to court in a dispute with a student because "they'd rather pay back some money than get the bad publicity of going into open court."

Epstein has an especially good working relationship with a tractor-trailer school that requires a nonrefundable $200 deposit from students.

"Now I don't want you to go slamming that school," he told The Globe. "It might disrupt the relation I have with it. It might mean I won't be able to get kids back their money."

He was unaware that the nonrefundable contract, signed in the student's home, apparently violates state law and that the school may be committing a crime by using it.

Mr. BROOKE. On April 4 I wrote to the Commissioner of Education and the Administrator of the Veterans' Administration bringing the Globe series to their attention and posing certain questions. I ask unanimous consent that those letters be printed in the RECORD.

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

(See exhibit 1.)

Mr. BROOKE. Mr. President, on April 23 Administrator Donald Johnson of the Veterans' Administration responded in detail to my inquiry. I felt, however, that Mr. Johnson's response did not directly cover the issues raised in my original letter. I, therefore, wrote to him again and received a second reply on May 17. On May 8 I received a reply from Peter P. Muirhead, Acting U.S. Commissioner of Education. I ask unanimous consent that this correspondence, too, be entered in the RECORD.

In the original Globe series, the recruiting and training practices of the educational subsidiaries of three major corporations were singled out for particular analysis. These companies were MacMillan, Inc., Bell & Howell, and the International Telephone and Telegraph Company, ITT. On April 16 I wrote to the chief executive officers of these companies asking their reactions to the Globe series, a copy of which I included with each letter. On May 1 I received a response from Raymond C. Hagel, chairman of MacMillan, Inc., and on April 19 and 29 and May 3 letters from Donald N. Frey, chairman of the board of Bell & Howell were received. Regrettably, I have yet to hear from ITT. I now ask unanimous consent that this correspondence be inserted in the RECORD.

In addition to this correspondence, my staff and I have held a series of meetings with individuals from the private and public sector concerned with the tremendous Federal investment in vocational education and the questionable results obtained by that investment.

It seems clear that we are now beginning to understand the dimensions of the problem. It is not simply a veteran's problem, although, it is surely that. It is essentially an educational problem. It is not a problem centered in Massachusetts although the problem certainly exists in Massachusetts. It is a national problem. And it is also a national scandal.

I think it particularly instructive to note that both the Acting Commissioner of Education and the chairman of the board of Bell & Howell suggest that greater participation and oversight by the Federal Government in the activities of the proprietary educational industry would be appropriate and helpful. The entire approach of the Federal Government in monitoring the expenditures of billions of dollars in educational benefits must be reassessed.

It is my belief, Mr. President, that the initial step in this reappraisal should be taken at extensive and exhaustive congressional hearings. Senator CLAIBORNE PELL, chairman of the Subcommittee on Education, Committee on Labor and Public Welfare, has already indicated to me that his committee plans hearings this year, as the Vocational Education Act of 1968 is up for renewal next June.

I know that Senator PELL has already carefully studied the original Boston Globe articles and is aware of the magnitude of the difficulties surrounding the proprietary vocational education industry. I am supplying Senator PELL with original copies of the correspondence I have referred to in my remarks this morning as well as other material I have obtained.

I trust this information will be helpful in formulating productive hearings from which improved vocational and home study educational opportunities will be available to veterans and nonveterans alike so that they may make increased contributions to society.

EXHIBIT 1

APRIL 4, 1974.

Hon. DONALD E. JOHNSON,
Administrator, Veterans' Administration, Washington, D.C.

DEAR MR. ADMINISTRATOR: I am bringing to your attention a series of articles that have just been concluded in the Boston Globe, and which I have inserted in the Congressional Record. The situation described demands immediate action and remedy.

Veterans are too often being denied the quality education they are promised by many private profit-making career education schools. In fact, they are being systematically denied that education by organizations that bear what appears to be the seal of approval of the Veterans Administration. This is tragic not only for thousands of hopeful young veterans, but a questionable use, if not waste, of huge expenditures by the Veterans Administration.

I am most anxious to receive your evaluation of the Globe's series, and particularly the role played by the Veterans Administration as described in the seventh installment. Specifically, what monitoring devices do you use, or contemplate using, to ascertain on a continuing basis the quality and capabilities of the schools approved by the Veterans Administration? Do you have sufficient staff to keep an adequate and current evaluation of such schools? What criteria is used, or do you contemplate using, in approving vocational education schools or mail order firms? What statistics can you provide, or do you contemplate providing, concerning the actual number of students enrolled in the types of courses described; what has been the actual completion rate of specific schools and the various categories of schools; what has been the total expenditures by the Veterans Administration in providing vocational education guarantees for veterans and how many veterans are now holding the jobs they were promised as the result of the training received at profit-making vocational education schools or mail order courses?

What positive steps and specific actions have been taken by the Veterans Administration in response to the General Accounting Office report as described in the seventh article in the Globe series?

I hope that you will share with me your specific recommendations about the steps that may be taken to remedy the abuses described in the articles.

I look forward to hearing from you at the earliest possible moment.

Sincerely,

EDWARD W. BROOKE.

APRIL 4, 1974.

Hon. JOHN R. OTTINA,
Commissioner, Department of Health, Education, and Welfare, Office of Education, Washington, D.C.

DEAR MR. COMMISSIONER: I am bringing to your attention a series of articles that have just been concluded in the Boston Globe, and which I have inserted into the Congressional Record. The situation described demands immediate action and remedy.

Young people are being denied the quality education they are promised by the questionable sales techniques of many of the private profit-making career education schools. The situation is further confused and aggravated by the fact that these schools are eligible for federal education student entitlement funds, and this gives the appearance that these schools operate with the sanction of the federal government. While this appearance may be misleading in fact, there can be no doubt that the appearance is being taken as another example of the indifference of government to the plight of citizens.

I am most anxious to receive your evaluation of the Globe's series, and particularly the role of the Office of Education in remedying the situation. Specifically, what monitoring devices can be used on a continuing basis to assure the quality and capability of schools receiving federal funds? Are there adequate statistics available as to the true completion rate and job placement of the schools? Has an analysis been made of the advisability of federal registration of all schools in light of the apparent ineffectiveness of state regulation? What action has been taken to follow through on the report of the General Accounting Office described in the seventh article in the Globe series?

I hope that you will share with me your specific recommendations about the steps that may be taken to remedy the abuses described in the articles.

I look forward to hearing from you at the earliest possible moment.

Sincerely,

EDWARD W. BROOKE.

VETERANS' ADMINISTRATION,
Washington, D.C., April 23, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: This is in reply to your recent inquiry in connection with the series of articles on vocational schools which recently appeared in the Boston *Globe*.

Under section 1772, title 38, U.S. Code, educational assistance may be authorized to eligible persons only when they are enrolled in a course which has been approved for enrollments under the Veterans' Readjustment Benefits Act of 1966 by the State approving agency for the State in which the educational institution is located. The State approving agencies are responsible for

inspecting and supervising schools within the borders of their respective States and for determining those courses which may be approved. They are also responsible for ascertaining whether a school complies at all times with the criteria set forth in the law.

Although the responsibility for approval of courses is vested in the appropriate State approving agencies, it is the responsibility of the Veterans Administration to determine that all of the requirements of the law are met before veterans may receive educational assistance. One of these requirements is that a veteran be enrolled in a bona fide program of education. The term program of education is defined in section 1652(b), title 38, U.S. Code, as any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional or vocational objective. An educational objective is a high school diploma or a college degree. A professional objective is an occupation requiring colege level preparation and licensure. A vocational objective is a job. Therefore, before consideration may be given as to whether or not a course meets the approval criteria of the law, the course must first qualify as a program of education.

In the past, we have depended upon the various State approving agencies to examine the courses for which approval was requested to ensure that the program was a bona fide program of education and met the approval requirements for accredited or nonaccredited courses as outlined in sections 1775 and 1776, title 38, U.S. Code, in addition to any requirements of the State approving agency itself. It has become apparent, however, that some vocational courses, both resident and correspondence, whether accredited or not, have not provided training to adequately prepare the student for the purported job objective. Abuses such as those outlined in the Globe articles have concerned us and we have devoted much time and attention to this problem. As a result, we are in the process of issuing detailed directives to our Regional Offices and the State approving agencies to ensure that all vocational courses currently approved and those for which approval may be requested in the future are reviewed to ensure that they are generally accepted as necessary to fulfill requirements for the attainment of a vocational objective. The course must be complete and must provide all of the training needed so that a graduate will be qualified to perform the job for which he has been trained. If a job requires little or no training, a course leading to that job objective is not generally accepted as necessary. In any case, in addition to relying on its own educational expertise, the State approving agency should require that a school demonstrate that its training in fact fulfills the requirements of the vocational objective by furnishing evidence to this effect.

In addition to the continual supervision provided by the State approving agencies, Veterans Administration personnel make periodic compliance survey visits to all schools in which eligible veterans are enrolled. Ordinarily, these surveys are confined to matters which have a bearing on the payment of educational or training assistance allowances to eligible veterans and other persons, such as the accuracy of attendance and training time reporting. Discrepancies noted during these visits are brought to the attention of the appropriate school officials for corrective action and are also reported to the State approving agency where appropriate for any investigative action necessary. We have recently reorganized the compliance survey function and expanded our requirements in connection with these surveys to ensure a more thorough review of the school's activities and job placement results at more frequent intervals. Currently, we have one liaison representative in each Regional Office who is responsible for maintaining liaison with the schools in the State or his area of jurisdiction, reviewing the approvals submitted by the State approving agency, and monitoring and reviewing the compliance surveys conducted by VA personnel.

In Fiscal Year 1973, 314.8 million in educational assistance benefits was expended to eligible persons enrolled in resident vocational schools under the Veterans' Readjustment Benefits Act of 1966. Of this number, students enrolled in proprietary schools received approximately 161.2 million. In fiscal year 1973, 119.7 million in benefits was expended to eligible persons enrolled in correspondence courses under the Act. Of this amount, 119.4 million was paid to persons enrolled in proprietary schools. Although the Veterans Administration does not maintain statistics on the completion rate for persons enrolled in residential vocational courses or the number who subsequently obtain employment in the field for which they were trained, we do have statistics on the completion rate for veterans enrolled in correspondence courses. These figures are included in the Information Bulletin enclosed for your perusal.

The GAO report of March 22, 1972, included the recommendation that the Veterans Administration periodically compile and distribute to its personnel responsible for assisting veterans data on the number of veterans who enrolled in each correspondence course and data on the completion rate. Further, the GAO suggested that the Veterans Administration inform veterans of the advisability of seeking advice and assistance from the Veterans Administration before selecting educational and training programs. These recommendations were subsequently implemented by the publication of the enclosed Information Bulletin which was distributed to all Regional Offices and State approving agencies. In addition, copies were sent to the Department of Defense for distribution to Service Education Officers who consult with servicemen regarding their programs of education.

Public Law 92-540 amended the reimbursement provisions for those eligible persons pursuing a course by correspondence. Effective January 1, 1973, reimbursement is now made for 90 percent of the cost of the course instead of 100 percent. Further, the school is now required to furnish each applicant who intends to pursue a course by correspondence under either Chapter 34 or Chapter 35, title 38, U.S. Code, a full completed copy of the enrollment agreement at the time it is signed. The agreement must include a full disclosure of the obligations of both the institution and the applicant, a clear explanation of the provisions of affirmance, termination, and refund, and the conditions under which payments of allowance are made by the Veterans Administration. The enrollment agreement is not effective unless the eligible person, after the expiration of 10 days following the signing of the agreement, submits a written statement of affirmation to the Veterans Administration with a signed copy to the institution.

The Veterans Administration maintains a qualified professional staff to provide educational and vocational counseling to veterans, servicemen, and dependents. Counseling is mandatory for disabled veterans under the Vocational Rehabilitation program, for certain trainees under the Dependents' Educational Assistance program, and for veterans and servicemen under the G.I. bill who wish to continue training after a previous termination because of academic dismissal or because of a second change of program. We do not currently have the staff to provide educational and vocational counseling to all of those veterans who apply for training at vocational schools; however, we do encourage them to avail themselves of such counseling when necessary.

I appreciate your interest in this matter and wish to assure you that the approval criteria for vocational schools, both resident and correspondence, is being carefully reviewed to ensure that veterans and other eligible persons receive adequate training for their job objective. You will be interested to know that the State Attorney General of Massachusetts has scheduled a meeting with officials of the Veterans Administration, the Federal Trade Commission, the State Department of Education, and the various accrediting agencies in connection with the *Globe* articles, and we are hopeful that this meeting will produce improved procedures on the part of all agencies involved.

Sincerely,

DONALD E. JOHNSON,
Administrator.

APRIL 24, 1974.

Hon. DONALD E. JOHNSON,
Administrator, Veterans' Administration,
Washington, D.C.

DEAR MR. JOHNSON: Thank you for your letter responding to my inquiry concerning the series of articles on vocational schools which appeared recently in the Boston Globe.

While I appreciate your description of the status of veterans benefits for educational assistance, I am primarily interested in learning what positive action the Veterans Administration proposes to remedy the abuses described in the Globe articles. For example, if state licensing and monitoring of vocational schools has not proven adequate, and such appears to be the case, do you advocate amendment of the Veterans Readjustment Benefits Act of 1966 to provide for federal licensing? If not, what steps would you propose to insure adequate supervision for vocational education schools?

It seems implicit in your letter that the Veterans Administration has relied on state supervision and on Information Bulletins as devices to oversee an industry that received over $280 million in veterans benefit payments in Fiscal Year 1973 alone. When one reviews the facts in the Globe series, and adds to them the appallingly low completion percentage rates for many of the approved Home Study Courses listed in your Information Bulletin dated August 10, 1973, it becomes apparent that educational benefits are not being delivered and the expenditure of taxpayers money is not being supervised wisely.

In addition, you state that the "approval criteria for vocational schools, both resident and correspondence, is being carefully reviewed. . . ." Will you please indicate the nature of this review, the anticipated date of its completion, and whether a complete report of the review will be provided Members of Congress.

I again look forward to your early response.

Sincerely,

EDWARD W. BROOKE.

VETERANS' ADMINISTRATION,
Washington, D.C., May 17, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: We have received your letter of April 24, 1974, regarding proposals to remedy the abuses outlined in the recent Boston *Globe* series, and we appreciate your interest in this matter.

We have been concerned with complaints from veterans regarding vocational courses and have issued directives to our Regional Offices and the State approving agencies in this regard. We have not, however, provided the State approving agencies with specific guidelines concerning course content, quality and, more specifically, employment results of course graduates; instead, we have

generally relied on the agencies' educational expertise in this matter.

Sections 1770 through 1774, title 38, U.S. Code, outline the basic functions of the State approving agencies and their relationship to the Veterans Administration, while sections 1775 and 1776 set forth the requirements which must be met before approval of accredited and nonaccredited courses may be granted. We have carefully reviewed the approval criteria and do not feel that an amendment to the Veterans' Readjustment Benefits Act of 1966 providing for Federal licensing is needed if the existing provisions of the law are carefully and responsibly followed.

To this point, we arrange for a meeting of representatives of all of the State approving agencies in Chicago, Illinois, on May 13 and 14. Training sessions, conducted in part by VA staff members, were held in connection with school approvals in general and this matter in particular.

The State approving agencies were informed that before approval is granted, the vocational course must be shown to be necessary for the attainment of a job objective. It must be recognized by government and industry as providing the quality and quantity of training to furnish skills needed to perform the job, and the course must be the usual way to attain such skills. If training for the job is customarily furnished by the employer and little or no weight is given school training for such a job by employers in the industry, such a course does not meet the requirements of section 1652(b), title 38, U.S. Code. If the job requires a license, the course must satisfy all educational requirements for licensure before approval may be granted. The school must demonstrate that a substantial number of the course's graduates over the preceding two years have obtained employment in the specific job for which they were trained. Additionally, the State approving agency must determine that the course is generally accepted as necessary for attainment of the job by prospective employers by asking employers in the field what weight, if any, they would give the course in considering an application for employment. This information must be a part of the approval data submitted to the VA for review before final approval may be granted.

These guidelines will also apply to existing approvals of all vocational courses, both resident and correspondence, and will ensure that only those courses which qualify the student for the job objective will be approved for the enrollment of eligible veterans. We will be pleased to furnish you with a copy of these directives when they are published.

We are transferring our compliance survey function in the Regional Offices from the Adjudication Division to the Veterans Assistance Division and distinguishing it as a separate unit requiring specialized training. We have designed six positions in Central Office for staff members who will travel to Regional Offices on a recurring basis to conduct training sessions with our school survey personnel. We had scheduled approximately 11,000 school compliance surveys nationwide for Fiscal Years 1974 and 1975. This quota has been increased to approximately 13,000 for each of the two fiscal years.

We appreciate your comments regarding the veterans' education program.

Sincerely,

DONALD E. JOHNSON,
Administrator.

OFFICE OF EDUCATION,
Washington, D.C., May 8, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: This is in further response to your letter of April 4 concerning the *Boston Globe's* series of articles on proprietary schools. In my judgment, the *Boston Globe* has performed a real public service in uncovering unacceptable patterns of recruitment and educational training at certain proprietary residential and correspondence vocational schools in the Boston area.

The functions of the Office of Education with respect to institutions of higher education (including proprietary vocational education schools) must relate to the basic role of the Office in providing assistance, either in the form of categorical institutional assistance or student financial aid. The eligibility of an institution of higher education to participate in such Federal programs is determined on the basis of criteria contained in the statutory definition of such institutions. See 20 U.S.C. 1085, 1088, 1141. With respect to the quality of training offered in an institution or its pattern of recruitment, the Federal statutes appear to contemplate that such controls as are exercised will be exercised by private accrediting agencies or otherwise through the process of accreditation. That is, if an institution is accredited, it is generally eligible for participation in Federal programs, and the accrediting process is normally carried out by private accrediting agencies. The role of the Commissioner of Education is essentially to approve the accrediting agencies rather than to accredit the individual institutions directly. In this connection he is authorized to publish a list of nationally recognized accrediting agencies which he determines to be reliable authorities as to the quality of education or training offered by the institutions to be accredited. Higher Education Act, sections 435, 491, 1201, 20 U.S.C. 1085, 1088, 1141.

A determination of whether an accrediting agency may be included in the list is made on the basis of published criteria against which the activities of the accrediting agencies are judged. The Office of Education has recently developed revised criteria for Nationally Recognized Accrediting Agencies and Associations, which should increase Office flexibility in ascertaining the reliability and responsibility of the nationally recognized accrediting agencies and associations, including those which operate in the private proprietary sector. Enclosed is a copy of the proposed revised Criteria.

As appears from the foregoing discussion, under the prevailing statutory scheme, monitoring with respect to recruitment and educational training policies of proprietary vocational schools is not directly carried out by the Office of Education. Such monitoring is properly a function of nationally recognized accrediting agencies, identified through the listing procedures described above. While the Commissioner possesses some authority with respect to eligibility status, it should be noted that statutory language in the General Education Provisions Act precludes the use of certain education laws, including the Higher Education Act, as a basis for exercising Federal control over curriculum, program of instruction, or administration of educational institutions. 20 U.S.C. 1232a.

Within the parameters of the above-described statutory scheme, it may be possible to enhance the degree to which individual accrediting agencies will exercise an increasing level of monitoring responsibility. This is a matter to which we are giving careful consideration.

In the interest of further strengthening the Federal Government's hand in the matter of education consumer protection, the Office of Education is serving as lead agency in the Federal Interagency Committee on Education's Subcommittee on Educational Consumer Protection. Recently the Federal Interagency Committee has stated its support of the Education Commission of the State's Model State Legislation for approval of Postsecondary Institutions and Authorizations to Grant Degrees. Along with ECS, the Office and other members of the FICE Subcommittee sponsored a National Invitation Conference on Consumer Protection in Postsecondary Education which was held in Denver, Colorado, on March 18–19, 1974. Through the Subcommittee, the Office also worked with the Federal Trade Commission in developing the FTC's recently published consumer education materials relevant to private, proprietary education.

The Office also has entered into a contract with the Brookings Institution and the National Academy of Public Administration Foundation to prepare a report on the function of institutional and eligibility process and on the consequences of this use of accreditation for Federal policy and funding for postsecondary education. The report will review the Federal Government's role in protecting the interests of students against the abuses of unscrupulous schools. We expect publication in June.

As the *Globe's* articles on the vocational education industry effectively highlight, five kinds of educational malpractice have arisen. These are: misleading advertising, indiscriminate recruiting, poor course completion, false job-placement promises, and insufficient tuition refunds. The Office relies upon the resources of Federal and State regulatory bodies, and recognized accrediting agencies to review complaints pertaining to consumer abuses in the proprietary field of education. The actual and potential scope and magnitude of these abuses, however, clearly indicate that additional Federal statutory action is required if educational consumers are to be protected properly. Following are remedial steps which the Congress might consider in revising current eligibility requirements for proprietary schools to participate in Federal financial aid programs:

Requiring a Federal tuition refund policy as a condition of receiving institutional eligibility to participate in specific Federal funding programs, such as the Guaranteed/Insured Student Loan Program, through amendment of existing statutes. Currently, the Office recommends that tuition refunds for all students receiving Federal benefits approximate a general pro-rata model.

Requiring, as a mandatory condition of institutional eligibility, that all salesman be compensated on a salaried (non-commission) basis.

Broadening the scope of section 438(b) of the Higher Education Act of 1965 to enable the Commissioner to recognize State agencies for purposes of monitoring private vocational education. Currently, the scope of the Commissioner's recognition of State agencies is restricted solely to public postsecondary vocational education.

Requiring participating proprietary schools to provide the Office of Education, on a regular basis, with validated information regarding student dropout, course completion, and job placement rates.

Broadening the existing authority of the Commissioner to limit, suspend, and terminate the eligibility of a participating school in the Guaranteed Student Loan Program to encompass other Federal aid programs.

Defining appropriate revisions to current eligibility requirements—revisions relating to protecting students enrolled in proprietary institutions—is a complex matter, involving deeper ramifications than might superficially appear. Throughout our review of this question, these primary issues emerge: (1) broad societal implications, (2) national administrative flexibility, (3) concerns of program administration and practicality and, (4) protecting the interests of the educational consumer. The complex intricacies of these issues are highlighted by the *Globe's* series on private vocational schools.

In further response to the specific queries posed by your letter of April 4, we believe that clear and evident deficiences exist in present monitoring devices used to assure the quality and capability of schools whose students now receive Federal funds. The

present statutory system that requires using private nongovernmental agencies for purposes of educational evaluation and setting minimum standards of educational quality, by definition, lacks direct government controls or regulatory authority.

The advisability of establishing a Federal system of controls or of individual school approvals or registrations, is now under review in the Brookings Institution-NAPAF study referred to above. However, we should not lose sight of the fact that careful consideration is required in defining the appropriate Federal role and the extent of direct government intervention that is permissible and compatible with our traditionally independent, diverse, pluralistic and autonomous educational system.

Parenthetically, the reference to the GAO report cited in part seven of the *Globe's* series refers to a study undertaken of the Veterans Administration, and its programs which lies outside the immediate province of this agency.

While the *Globe's articles concentrate on* proprietary schools, there is growing evidence that similar problems exist at nonprofit vocational and collegiate institutions. As the competition for students becomes more acute, it is possible that many of these institutions may adopt similar techniques.

An intensive review is now underway within the Office of Education regarding the abuses cited in the *Globe's* series, and as soon as our staff research is completed, be assured that I will transmit our further findings to you.

Sincerely,

PETER P. MUIRHEAD,
Acting U.S. Commissioner of Education.

MACMILLAN,
May 1, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: Norman Pomerance, president of Macmillan Publishing Co., Inc., forwarded your April 4, 1974 letter to me. Macmillan Publishing Co., Inc. and La Salle Extension University are subsidiaries of Macmillan, Inc. of which I am chairman and president.

In response to your question regarding government supervision of educational institutions, clearly Macmillan, Inc. can speak only for La Salle and not for the entire vocational education industry. Macmillan, Inc. considers that any educational institution, whether a public school or a private proprietary school, ought to be under the jurisdiction of the same governmental authority. Macmillan, Inc. believes that any educational institution should be subject to appropriate criteria, but those criteria, like all state requirements, should not show any bias for or against private proprietary schools. In our view the profit incentive can work in favor of greater achievement and higher standards of achievement.

I believe it will be helpful to make available to you the following enclosures: (1) a copy of the questions propounded to Warren Smith, president of La Salle Extension University, by the reporter for the BOSTON EVENING GLOBE; (2) a copy of the responses made by Mr. Smith to those questions; (3) a copy of a letter dated January 18, 1974 from William W. Rayner, Esq., general counsel of Macmillan, Inc. to the managing editor of the BOSTON EVENING GLOBE.

On the basis of these enclosures I ask you to judge for yourself whether the Globe articles are an objective and accurate reporting of an impartial investigation of La Salle Extension University.

If you deem it appropriate, Macmillan. Inc. would be pleased if this letter, together with its enclosures were read into the Congressional Record.

Very truly yours,

RAYMOND C. HAGEL,
Chairman.

BELL & HOWELL,
Chicago, Ill., April 19, 1974.

Senator EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: Replying to your letter of April 16, 1974, I believe the Boston Globe series touches on some very serious problems indeed in the vocational education industry. I believe that additional federal participation is definitely called for, and I will shortly forward to you our considered views on this issue.

Nevertheless, I must also tell you that I am concerned about the extent of the inaccuracies and irresponsibility evidenced by the Globe in its article about Bell & Howell Schools. Incidentally, the Congressional Record does not contain the "entire series"—much of the inaccurate statements printed by the Globe about Bell & Howell are omitted. This is all right with me, but it suggests that you may not know just how far afield the Globe went as to at least one school.

Unfortunately, the Globe has limited Bell & Howell to 250 words to correct the many untruths in the long article about us. We have had to devote this small amount of space, as shown in the attached letter, to a brief statement about our Schools without going into a number of the specifics alleged by the Globe. To avoid any misunderstanding about this, I will shortly forward to you a somewhat more detailed statement on these specifics also.

Senator, I believe strongly that there is an important role to be played by responsible proprietary education in this country. There is plenty of evidence that schools like ours are filling an important training need that is not being met by traditional methods and institutions.

I sincerely hope that there will not be an over-reaction to the Globe series that will destroy this important educational resource.

I will write to you again in a few days. Thank you for this opportunity.

Sincerely,

DONALD N. FREY.

BELL & HOWELL,
Chicago, Ill., April 29, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: This follows your letter to me of April 16, 1974 and my initial response of April 19, 1974.

The Boston Globe stated that Bell & Howell Schools is "a fast buck operation with little regard for its students" and "gives its students short shrift." So far as we can tell, the Globe bases this very serious charge almost entirely on a statement by a former Bell & Howell Schools representative who, according to the Globe, was employed and promoted "despite a tainted background that the Company apparently knew about."

Without wanting to involve you in too much of the detail, let me just tell you the following important facts about this matter:

1. Bell & Howell Schools had no knowledge of this man's criminal record. His falsified job application was checked by calling on two prior employers, one of whom gave a favorable reference and the other of which had gone out of business. His criminal record was not known to the Company until after he was discharged.

2. This representative has for some months been threatening to "get" Bell & Howell if he were not paid off on a Workmen's Compensation claim against Bell & Howell's outside insurance carrier. This may explain some of the inaccurate statements which he made to the Globe reporters.

3. Since this man was hired last summer we have tightened up our recruitment checkout procedures so as more effectively to prevent employment of people with questionable records.

Let me now respond to the general questions raised in your letter of April 16. As we see it, the issues which must impress an objective reader of the Globe series concerning the vocational school industry are the following:

1. QUALITY OF EDUCATION OFFERED

Clearly, the industry is hurt by some very low quality courses being offered and sold to the public. We think this calls for more stringent accreditation requirements with respect to courses and closer supervision by state and federal authorities.

In that connection, we welcome any kind of investigation of the resident and home study courses offered by Bell & Howell Schools. To give you some feeling as to the quality of what we do, let me give you some of the principal facts:

A. In eight resident schools we offer college level courses in electronics engineering technology to a student body of close to 10,000 students. While there is no set pattern, the majority of these students are young high school graduates, single and not yet employed. Approximately 25 per cent of them are from minority groups.

B. The resident courses are at three levels: (1) a twelve quarter program leading to a bachelor's degree; (2) a nine quarter program leading to an associate degree; and (3) a six quarter program leading to a diploma for electronic technicians. As soon as they become eligible in each location (based on length of time offered, number of graduates, etc.) each of our degree programs is accredited by the prestigious Engineers Council for Professional Development.

C. Many of our incoming resident students have serious deficiencies in mathematics and other skills. We offer remedial training, with particular emphasis on mathematics, to bring them up to the required level for attaining the objectives of the courses.

D. The resident schools maintain a placement staff of more than ten people. Approximately 87 per cent of our graduating students request placement assistance, with the balance going into the military service or finding jobs on their own; of those requesting help, over 90 per cent are placed in good paying jobs.

E. These things are very hard to measure and I do not want to be guilty of overstatement; nevertheless, I think it is fair to say that we offer the finest skills training in engineering electronics technology available today and we are supplying an important part of all the trained technicians and technologists entering the electronics industries.

F. Our home study courses in electronics are the correspondence equivalent of the six quarter resident school courses which I described above. They have been developed over the years to a very high quality of training material and constantly revised and updated to reflect fast moving technological advances, this being done by a staff of more than 25 people.

G. In our effort to overcome the serious motivational and related problems inherent in the home study method, we have pioneered in the development of several ways of achieving higher completion rates. One of these is the offering of free telephone service to our students, who are allowed to call in at any time with questions concerning the instructional material or with questions of any other kind related to the taking of the course. These calls average about 2,000 per day and have unquestionably taken many lonely students over some hump which might otherwise seem insuperable without this kind

of help. Also, we have pioneered in the whole concept of the "Help Session"—a series of weekend special instruction meetings held in locations all over the country at close enough intervals to allow home study students to attend special lectures and receive face-to-face help from instructors.

H. Our home study students are completing their lessons in these courses at a very encouraging rate even though they are currently straining our ability to fulfill our obligation to correct and return lessons and deliver new material and equipment.

All in all, Senator, I must say that only someone who is totally unfamiliar with our courses could accuse Bell & Howell Schools of having "little regard for its students" and giving them "short shrift." This sounds very much like the kind of accusation which has frequently come from those who oppose any form of education other than the conventional college. The fact of the matter is that millions of Americans do not have the economic and social opportunity to attend traditional educational institutions or to obtain the career skills training which will make the difference between their having or not having a good job. For many of these, the best answer is career skills training—either resident or home study—provided by specialized public or private, institutions. Many proprietary schools are furnishing such training in a concentrated, no frills, cost-effective method of delivery which is currently effecting something of a revolution in our educational community. The fact that Bell & Howell's resident school enrollments are increasing sharply at a time when many colleges are worrying about vacant classrooms must say something about the quality of our programs.

2. USE OF "HARD SELL" TACTICS

The Globe points out that many schools in the vocational industry live off student enrollments obtained as a result of unfair selling tactics and deceptive advertising. Control of a field force of sales representatives continues to be a serious problem for Bell & Howell Schools and for the whole industry.

Bell & Howell Schools believes that this problem will be solved by a two-pronged approach:

A. First, there must be more stringent requirements for recruiting, training, and control of field sales representatives. We would welcome programs aimed at achieving these ends.

B. In addition, we have put great emphasis on surrounding the enrollment process for students with procedures—some required by law and some initiated by us—which protect both the student and the school against a representative who may be tempted to stray from the straight and narrow path. To show you just what I mean, I am enclosing a separate memorandum which will take you through step-by-step the protective procedures which Bell & Howell Schools uses to insure that no student is enrolled without a full understanding of the commitment he has made and the kind of course he will receive—and that if any are so enrolled, they have a full opportunity for a substantial period of time to change their minds and cancel their commitment without substantial forfeiture. I hope you will take the time to review this material because I think it indicates the manner in which Bell & Howell Schools think that many of the sales problems of the industry will have to be solved.

Senator, your last request was that we comment as to whether "a larger role ought to be assumed by the Federal Government through careful licensing and monitoring of vocational education firms." I must tell you that we clearly are in favor of a larger federal role as you describe. I want to be more specific than that in my response, however, and if you will give me a few more days, I will follow on with a letter spelling out some of our thoughts in detail.

Thank you again for the opportunity to discuss these matters with you. If you feel that it would be at all productive to have a face-to-face discussion, you need only call me and I will be happy to review these matters in your office on some mutually convenient date.

Sincerely,

DONALD N. FREY,
Chairman of the Board.

BELL & HOWELL,
Chicago, Ill., May 3, 1974.

DEAR SENATOR BROOKE, in my letter of April 29, 1974, I stated that we would write to you in further detail concerning your inquiry as to a possible larger role to be assumed by the Federal Government in connection with vocational education firms.

On thinking this through and checking with others, we have found that there is a great deal of investigatory work now going on at the various accrediting agencies as well as the Federal Government agencies which have responsibilities in the areas referred to in the Boston Globe series. Under the circumstances, I think it would be premature for me to state any specific recommendations concerning the role of the Federal Government until these investigations are further along and there is some agreement as to the facts. I hope you would agree that this is an appropriate position under the existing circumstances.

We are staying in close contact with the matter and will look forward to the opportunity of stating our views.

While I am leaving tomorow on a business trip to the Far East that will take approximately three weeks, I again want to mention that I would be pleased to confer with you on these problems at any time if you think this would be helpful.

Sincerely,

DONALD N. FREY.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, what is the pending business at this time?

The PRESIDING OFFICER. Morning business is closed.

SALINE WATER PROGRAM AUTHORIZATIONS, 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Calendar No. 927, H.R. 13221, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 13221) to authorize appropriations for the saline water program for fiscal year 1975.

The Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation on the pending proposal of not to exceed 13 minutes, with 10 minutes to the distinguished Senator from Wisconsin (Mr. PROXMIRE) and 3 minutes to the Senator from Nevada (Mr. BIBLE).

Mr. BIBLE. Why not make it 20 minutes, divided 13 minutes and 7 minutes.

Mr. MANSFIELD. Very well. Mr. President, I make that request.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point excerpts from the report covering the purpose of the legislation, background, the proposed legislation, the House amendment, and the need for the program. Under the "need for the program" the Senate will see that this is closely tied with the agreement reached between the United States and Mexico relative to the salinity problem on the Lower Colorado River.

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

PURPOSE OF THE LEGISLATION

The purpose of this measure, which was recommended by the Department of the Interior, is to authorize appropriations for fiscal year 1975 for the Federal saline water conversion program conducted by the Secretary of the Interior.

BACKGROUND

The Congress in 1952 authorized the Secretary of the Interior to initiate a research and development program with the objective of developing low-cost methods for desalting sea and brackish waters for beneficial consumptive purposes. Through fiscal year 1967, the program operated under two basic authorizations: (1) authority to conduct general research and development (Saline Water Act of 1952, 66 Stat. 328, as amended); (2) authority to construct, operate, and maintain demonstration desalting plants (72 Stat. 1706).

In 1967, legislation was enacted (81 Stat. 78) to consolidate the earlier measures under the title "Saline Water Conversion Act." It has since been the policy to authorize appropriations for the program on an annual basis.

The Saline Water Conversion Act of 1971 (85 Stat. 159), is the current enabling act for the program. It authorizes a program, subject to annual authorizations of appropriations, through fiscal year 1977 with a subsequent 3-year phaseout program.

Within the Department of the Interior, responsibility for the program has been shifted through a number of organizational arrangements. Until recently, it was administered by the Office of Saline Water which is under the jurisdiction of the Assistant Secretary for Land and Water Resources. That Office has now been abolished and the program will presumably be administered by the Secretary's office.

PROPOSED LEGISLATION

As proposed by the administration, H.R. 13221 and the companion bill, S. 3149, supported the amount requested in the President's budget for fiscal year 1975 for the saline water conversion program. New appropriations in the amount of $3,029,000 were included which together with prior year funds carried over would result in a program of $4,869,000.

The letter of transmittal conveying the proposed bill to the Congress did not comment upon the policy aspects of the proposal. This amount, however, is much less than the level of appropriations which were envisioned when the present enabling act for the program was approved. The Saline Water Conversion Act of 1971 (85 Stat. 159) outlined a 9-year program of research, subject to annual authorizations of appropriations. That act authorized a fiscal year 1972 program of more than $27 million.

The current proposal would be so far below that level as to constitute a complete change in the nature of the program, if not a virtual termination of it. Because of the magnitude of the reduction represented by the proposed program, no useful analysis of the change from prior years can be made. The program would consist primarily of completion of ongoing projects and overhead expenses.

HOUSE AMENDMENT

The House of Representatives amended the bill to increase the authorized appropriation from $2,527,000 to $13,910,000. This amount together with prior year funds carried forward would result in a fiscal year 1975 program of $15,750,020. A breakdown of the program and a comparison with the fiscal year 1974 program is set forth in the following tabulation:

Category of activity	Fiscal year— 1974 authorization program	1975 [1] program as amended by the House
Research expense	$4,400,000	$3,900,000
Development expense	3,600,000	6,150,020
Test facility expense	3,350,000	2,800,000
Module expense	2,552,094	900,000
Administration and coordination	1,900,000	2,000,000
Total	15,802,094	15,750,020

[1] Includes carryover from prior years in the amount of $1,840,020.

The program included in the amended bill, therefore, would provide for approximately the same level of activity as the fiscal year 1974 program which was approved by the Congress. As amended, the legislation will provide authorization for a continuing program of basic and applied research. Basic research will be conducted on the properties of water, the transport of ions in solution, the mechanisms of flux and rejection and on bench scale laboratory work on new processes. Basic water chemistry will be undertaken on waste water that has been contaminated by the works of man, together with continuation of seawater membrane research and freezing research. Brackish water membrane research, which would be discontinued by the administration's program, will be reactivated and materials testing will be continued at the Freeport, Tex., Materials Test Center.

Authorization is provided for substantial pilot plant development and testing on waste water for reuse and water quality maintenance; on an accelerated development program for seawater membrane systems; brackish water membrane systems; freezing; and distillation of geothermal brines.

Funds are provided under the test facility category for appropriate levels of testing activity at Fountain Valley and Holtville in California; Yuma, Ariz.; Roswell, N. Mex.; and Wrightsville Beach, N.C. Funds are included to enable a full year of operation of the vertical tube evaporator-multi stage flash module now operating in Orange County, Calif.

NEED FOR THE PROGRAM

The committee believes that, despite the lack of support of the Department of the Interior for this program in recent fiscal years, the need for an aggressive program of research and development in advanced desalting technologies is as important as it was when the Congress enacted the 1971 enabling act with full administration endorsement.

The Congress within the past few weeks passed legislation requested by the President to authorize the construction of a massive desalting complex on the Lower Colorado River. That measure, which will resolve a long-standing controversy between the United States and Mexico, will depend for its success upon the viability of a reverse osmosis desalter with a capability of 100 million gallons per day. Because the largest reverse osmosis type desalting plant presently existing technology, yet the administration proposes to terminate the very research efforts which will be necessary to support the development of such technology.

Increasing requirements for water supplies and for sophisticated water quality management technologies appear to dictate an expanded rather than a reduced Federal interest in desalination technologies. The current energy crisis, for example, has emphasized the completion for scarce water resources of the arid West and the increasing pressures upon water quality which would result from energy production utilizing the vast domestic coal and oil shale resources of the Western States.

The PRESIDING OFFICER. Who yields time?

Mr. BIBLE. Does the Senator from Wisconsin have an amendment?

Mr. PROXMIRE. I do not have an amendment. I am going to oppose the bill.

Mr. BIBLE. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BIBLE. Mr. President, the legislation before the Senate has engendered some criticism and some controversy over the last several years. I handled most of the hearings on the U.S. Government participation in the Mexican Water Treatment settlement. I think it became very clear there that there must be more extensive research into the entire problem of desalinization, in order to help solve this problem with our good neighbor to the South.

If my memory serves me correctly, I think the original Federal desalting research program was offered by former Senator Clinton Anderson of New Mexico, and the late Senator Francis Case of South Dakota.

I do not have the precise figure we have spent on the desalinization program to date, but it has been rather substantial. I think we have made some breakthrough both on the treatment of inland brackish water and salt water from the Atlantic Ocean, the Pacific Ocean, and the gulf, Wrightsville Beach, N.C., had some success, but not as much as we had hoped for, in studying some of the methods used in desalinization. The same might be said for the installation at Roswell, N. Mex., and again it was not with as much success as we would have hoped for.

I believe considerable work remains to be done, and I recognize that the administration has supported this entire program rather with tongue in cheek. They have cut it down to the point that it seemed they might be prepared to phase it out completely and require private industry to pick up the cause and crusade and carry it forward. I think that is wrong, because private industry needs the help of the Federal Government and the Federal expertise that has been developed over the years through support of research.

On the Mexican treaty problem the administration obviously was very much in favor of a solution. It was very interested in resolving this longstanding controversy, and I note this for the RECORD. It was just a few days ago that the President of the United States signed the bill which will rely on desalination technologies to resolve a very important international problem.

It did two things. It provided for $155 million for work including the building of a $100 million desalinization plant in the Yuma, Ariz., area.

Additionally, it provided about $125 million for a number of desalinization measures including desalting plants, along the Colorado River, one actually in my State of Nevada, two in Colorado, another one in Utah.

All in all, I think the desalting research program, rather than being phased down and out, should be increased, just as the House has increased it.

I would urge that the committee, which did have rather lengthy hearings on the desalinization program as it related to the Mexican treaty, should be supported.

I yield the floor and reserve the remainder of my time, if I have any time left.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, as I understand it, we are considering a bill that busts the budget by a whopping 300 percent. This bill, on the basis of administration request, is for authorization of $3,029,000. As a matter of fact, the committee report indicates the House reported a request from the administration for $2.5 million. At any rate, they have increased it to $13,910,000.

What sort of a record do we have to justify such a blatant disregard of the budget priorities laid down by the administration? I am not saying that these priorities should be slavishly followed, but we should have substantial justification before riding over them roughshod. In this case we have a five-page Senate report.

We have no specific hearings on this particular bill, although they tell me that there were hearings in connection with this program, in connection with another proposal.

The only substantial reason given for this boost in spending is that it would help in supporting the technology that will be used in a plant that will desalt the lower Colorado River. Yet we are proceeding with plans to build a mammoth desalting facility on that river in this session of the Congress. If the technology is not there, why should we proceed?

I would like to ask two questions about this program, which has been in existence since 1952. How much has it cost and what has it produced? In other words, what are we getting for our money? To the best of my knowledge, the benefit-cost figures are mighty poor.

Mr. President, this bill is an illustration of how the Congress contributes to wasteful Federal spending and hence to inflation. Without my decision to discuss the bill—brief as that debate will be—it would have gone through both Houses without any printed hearings available for this specific proposal to justify a 300-percent boost in funding above the President's budget and with no discussion in the Senate. This is not the proper way to make sure that the taxpayer gets value for his dollar. The amount is relatively small, to be sure. But before we continue funding a program at a high level, we

should be sure that the program is a worthy one, especially when we approve such funding in the face of an adverse recommendation by the executive branch.

These are the reasons I am asking for a rollcall vote on this legislation. These are the reasons why in all conscience I must vote against this hasty decision to spend over $13 million of our tax dollars on the continuation at a high level of an inadequately justified Federal program.

Mr. President, I reserve the remainder of my time.

Mr. BIBLE. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. BIBLE. I thank the Presiding Officer.

I would respond very briefly to my very distinguished friend from Wisconsin.

As a matter of fact, we did go into this during the hearings on the Mexican treaty, and in addition to that, I would assure my good friend from Wisconsin, we went into this rather extensively during the appropriation hearings. Unless he has moved into other fields, I believe the Senator from Wisconsin is still a member of the Appropriations Committee. So this item will be coming forward in a short time when we mark up the interior appropriations bill. There is a printed record of that and it is rather full of information on the desalting program.

I was critical of the administration for reducing the program so low that it almost reduced it out of existence. I do not think it should be reduced out of existence. I think much remains to be done in this desalinization program.

I serve notice on my good friend from Wisconsin that, if this enabling legislation passes, with the present figure, it certainly is my intention to try to hold somewhere close to that figure on the final markup of the interior appropriations bill when we get the dollars to make the program effective.

Mr. PROXMIRE. Will the Senator from Nevada inform the Senate how much this program has cost since it began in 1952?

Mr. BIBLE. Since the inception of the program in 1952, through fiscal year 1974, $267 million has been expended. I came from a hearing on the Wild Horse Act when the Senator rescued me from wild horses and burros and brought me over here, so I do not have a breakdown of the total figure of the $267 million. I will supply it for the RECORD if the Senator so desires.

Mr. PROXMIRE. Will the Senator inform the Senate as to what this substantial amount of money has accomplished?

Mr. BIBLE. I think we have made some breakthroughs, particularly in the brackish water area. They have, year after year, attempted to reduce the cost of producing potable water, usable water, out of ocean water, and to date they have not made a great significant breakthrough. I think it must be a matter of research and development and refinement of our technology.

They have made progress on a small scale. Some work was done in this area that went into the desalinization plant now at the Guantanamo Naval Station in Cuba, that was originally built in San Diego. It was transferred, because of the need of Guantanamo, as a result of the Cuban revolution, to produce fresh water for use of Americans in Guantanamo. There are other practical examples of where our research has produced practical results.

Mr. PROXMIRE. Mr. President, has a rollcall been ordered as yet on this bill?

The PRESIDING OFFICER. Yes, it has.

Mr. PROXMIRE. Mr. President, there was a rollcall in the House, as I understand it, after abbreviated debate. I do not know if anybody opposed it.

I am very distressed at the fact that this amount is so high. There have been very few Senators on the floor to hear the debate. I do not see much point in having a rollcall under these circumstances. I hoped that we could develop greater interest in something that is this far above the budget, but I would concede it would be a waste of 15 minutes if we had a rollcall vote when it seems to have such heavy support in favor of passing the bill. So unless there is objection, I would ask unanimous consent that the order for the rollcall be voided.

Mr. BIBLE. I think that is a very generous effort on the part of the Senator from Wisconsin. I think he has sounded the alarm time after time after time on these problems. I have no objection to withdrawing the order for the yeas and nays, so I can get back to the wild horses and burros over at the Interior Committee.

The PRESIDING OFFICER. Is there objection?

Mr. BIBLE. May I finish?

In addition to that, the Senator will have the opportunity of examining this in detail when it comes before the Appropriation Committee.

So I think he will have another shot at it and we can have a yea-and-nay vote at that time.

I am very grateful to the Senator, because my other committee is calling me.

I thank the Senator.

I yield back my time.

The PRESIDING OFFICER. Is there objection?

Mr. PROXMIRE. I yield back my time.

The PRESIDING OFFICER. Without objection, the order for the yeas and nays is vacated.

Mr. MONTOYA. Mr. President, I want to thank the distinguished Senator from Washington for the work which the Interior Committee has done on H.R. 13221 and for its good judgment in increasing the authorization of this vital saline water program.

The bill as passed by the House and reported by the Senate committee provides for a fiscal year 1975 program of $15,750,020 as opposed to the $4,869,000 program recommended by the administration.

As it is, this bill authorizes a program only approximately half as large as the program envisioned by the Congress in 1971 when it passed the Saline Water Conversion Act. That bill established a 9-year program of research subject to annual authorizations, and authorized $27 million for fiscal year 1972, the first year of the program. The presumption of the Congress was that subsequent authorizations would be of similar size.

Although the need for a program of research into ways of purifying otherwise unpotable water may not be immediately apparent here in the East where it rains several times a week and where meaningful distinctions are drawn between rivers and creeks, it is immediately apparent in other parts of the country, including my own Southwest. I believe that the Senator from Washington knows of the drought which is once again reaching epidemic proportions in Arizona, New Mexico, and the other Southwestern States. Recently, one city in New Mexico had to establish a program of water rationing and now sends out patrols to give citations to persons who make nonnecessary use of water.

I have been trying for sometime to keep before the Congress the nature of the water supply situation in the Southwest. I think it is going to be much worse than the energy crisis. I think it is worth remembering that although we may be able to develop alternative sources of energy, we have not yet found any substitute for water. It seems to me elementary, therefore, that we do all we can to make the best possible use of our limited water supplies, and one of the ways of doing this is to purify brackish and saline waters.

I am glad to note that the committee's report on this bill mentions the important work being done at the Roswell, N. Mex., saline water test facility. Senators may recall that the administration tried to close down this facility a year ago. We had a fight to keep it open. This year the administration is willing to keep it open, but at such a minimal level of funding—$600,000—that very little can be accomplished.

Why is the administration so unwilling to spend money on research as vital to a major geographic sector of the United States as research on saline and brackish water purification is?

The administration request of $4,869,000 is puny. It cannot do the job.

I find it remarkable that the administration is willing to give away nuclear reactors which cost three-quarters of a billion dollars apiece to nations in the oil-rich Middle East, but is unwilling to spend more than $4.9 million to assure adequate supplies of water in the United States.

I find it remarkable that the President can casually give a $2 million helicopter to the President of Egypt, but will not give more than 2½ times that amount in water research to the people of arid parts of the United States.

Be that as it may, I think this is a vital bill and I am delighted that it is going to be passed today and sent to the White House tomorrow. I salute the Senator from Washington and all the other Members of Congress who have joined in this effort to continue our program of water research.

The PRESIDING OFFICER. The question is on the third reading of the bill.

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

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass (putting in the question)?

The bill (H.R. 13221) was passed.

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. 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 FOR ADJOURNMENT TO 9 A.M. TOMORROW

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 9 a.m. tomorrow.

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

CONTROL OF TIME ON CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 1-hour debate on the motion to invoke cloture be under the control of Mr. HUMPHREY and Mr. MANSFIELD or his designee.

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

RECESS UNTIL 12 O'CLOCK NOON

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 12 o'clock noon today.

The motion was agreed to; and at 11:49 a.m. the Senate took a recess until 12 o'clock noon; whereupon, the Senate reassembled when called to order by the the Presiding Officer (Mr. METZENBAUM).

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries, and he announced that on June 22, 1974, the President had approved and signed the following bill and joint resolution:

S. 1585. An act to prevent the unauthorized manufacture and use of the character "Woodsy Owl," and for other purposes; and

S.J. Res. 206. A joint resolution authorizing the Secretary of the Army to receive for instruction at the U.S. Military Academy one citizen of the Kingdom of Laos.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. HATHAWAY) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

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

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The PRESIDING OFFICER (Mr. METZENBAUM). At this time, the Chair lays before the Senate the unfinished business, H.R. 14832, which the clerk will state.

The assistant legislative clerk read as follows:

H.R. 14832, to provide for a temporary increase in the public debt limit.

The Senate resumed the consideration of the bill.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished majority leader, I yield the time under his control to the distinguished Senator from Alabama (Mr. ALLEN).

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I yield myself 30 seconds. Apparently there is no one here supporting the motion to invoke cloture. Not wishing to speak in the absence of supporters of the cloture motion, I ask unanimous consent that I may suggest the absence of a quorum with the time to be equally charged to both sides.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered and the clerk will call the roll.

The third assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. 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. ALLEN. Mr. President, first, I ask unanimous consent that all amendments at the desk at the time of the completion of the vote on cloture shall be considered as having been presented and as having been read in accordance with the Senate rule governing the consideration of amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

Mr. ALLEN. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. ALLEN. Mr. President, I am delighted that the distinguished Senator from Minnesota (Mr. HUMPHREY) has now come into the Chamber to attend the debate on the motion to invoke cloture.

Ordinarily, when extended debate takes place in the Senate when a cloture motion is filed, it is because there is a minority in the Senate which is seeking to prevent the legislation from coming to a vote. But, Mr. President, this is a unique extended discussion because the key issues, the Kennedy-Humphrey-Mondale package has been before the Senate and has been voted on up and down on the direct issue by the Senate. How did the Senate respond? It responded 64 votes against the package to 33 votes in favor of the package.

But, Mr. President, those who seek to "bust" the budget, those who seek to increase the Federal deficit—and I have reference to the distinguished Senator from Massachusetts (Mr. KENNEDY) and the two distinguished Senators from Minnesota (Mr. HUMPHREY and Mr. MONDALE)—have had the issue presented in the Senate. They ought to be willing to allow us to have a vote up and down on the simple matter of extending the temporary debt ceiling and providing for the necessary increase as recommended by the Treasury Department.

The amendment before the Senate is a streamlined version, I assume, of the original package, which has been repudiated by the Senate. So this is not a minority trying to prevent a vote on an issue. The minority, so-called, apparently is, and actually is, a majority, as evidenced by the almost 2-to-1 vote against the Kennedy package.

Mr. President, they said that the Kennedy package would have lost only about $2 billion in revenue because it provided for closing some loopholes here and there. There was no recommendation from the Ways and Means Committee; there was no recommendation from the Finance Committee. They put this package in willy-nilly, and say it is a balanced package, that it will just cost the Government some $2 billion in revenue. Now they have dropped two of the so-called loophopes. They have dropped the accelerated depreciation phase of the package, and they have dropped the DISC provision withdrawing the so-called tax preferences for the Domestic International Sales Corp. So the package was already lopsided by losing $2 billion for the Treasury, according to their own statement.

Mr. President, now it is more lopsided than ever. As the Senate turned down the original package, in the judgment of the Senator from Alabama, it is going to turn down this revised package.

Mr. President, it is ironic that the big spenders in the Senate—the big spenders, Mr. President—the architects of increased Federal deficits, the budget busters, are sponsoring this so-called package.

The PRESIDNG OFFICER. The Senator's time has expired.

Mr. ALLEN. Mr. President, I yield myself an additional 2 minutes.

Here, Mr. President, we have a group of big spending Senators who say, "Let us cut taxes," when it is their policy to appropriate every dollar in sight and many dollars that are not in sight. They know this measure is not going to pass, yet they set their expertise on tax matters above the expertise of the Ways and Means Committee in the House and above the Finance Committee in the Senate, and they say this is the panacea for our ills.

Actually, Mr. President, it would be a spur to the inflation rate; and any small benefit that would come to the taxpayers, if in fact any did, would be eaten up by the fuel added to the fires of inflation.

As I read the signs, this is the last gasp effort by the big spenders in the Senate to play just a little more politics and say, "We are trying to cut taxes for the average citizen," when it is the average citizen who would be hurt by increased inflation.

They say the House would not accept this amendment, and I do not believe it would. They say the President would not sign the bill with these amendments on it, and I do not believe he would. But it is our duty here in the Senate, Mr. President, to fight an effort of this sort.

Mr. President, when cloture fails of being invoked on the vote that takes place at 1:15, I am hopeful that the distinguished sponsors of this revised package will say, "Well, we made a great fight. We tried to take care of the taxpayer, but those fellows there in the Senate would not let the thing come to a vote."

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. ALLEN. Mr. President, I yield myself 1 additional minute.

It went to a vote, Mr. President, and it was turned down by a 64-to-33 vote. I am hopeful that the big spending Senators who are sponsoring this amendment that they are trying to add to a piece of must legislation, legislation that must pass before the 1st of July, will say, "Well, we made a good fight. We did our best. We tried to take care of the individual taxpayer, but those fellows in the Senate would not let us."

We had a vote, Mr. President, and the Senate has spoken on the issue. I am hopeful this is going to be the last time.

Mr. President, we are going to pass a clean debt ceiling bill before the week is out, in my judgment. I hope this is going to be the last time that the Members of the Senate take this debt ceiling bill and seek to add unsound measures to it, and require legislation at the point of a pistol.

I hope that the vote will be "no" against the motion to vote cloture.

Mr. President, I reserve the remainder of my time.

Mr. HUMPHREY. Mr. President, how much time do we have on our side?

The PRESIDING OFFICER. The Senator has 27 minutes.

Mr. HUMPHREY. I yield myself 10 minutes.

Mr. President, in less than an hour the Senate is due to vote on a motion to close off debate on my amendment for a modest tax reform-tax relief package. I regret that we must seek cloture in order to get a vote on the amendment itself. This is necessary only because the opponents of the measure, who apparently have decided that the majority of the Senate might favor our proposal, already have wasted an enormous amount of the Senate's time and are continuing to thwart this body by refusing voluntarily to allow a vote.

I listened with keen interest to the remarks of my distinguished friend and collegue, the Senator from Alabama. He always does a good job, even when he has a bad case. Today he did an extraordinarily good job, considering the case he had to work on. I think he is entitled to our commendation.

Mr. President, what is the issue here? The issue is not the debt ceiling. That is the base upon which we hope to give some relief to the American people. The American people are not very happy about knowing that Congress is raising the debt ceiling. I am sure that the voters who are present here today are not happy to know that as the debt ceiling goes up, the interest rates go up, so that one of the largest expenditures today of the public's taxes is for interest on the public debt.

Mr. President, I can remember when we used to finance the public debt for 2, 3, and 4-percent interest. Government notes, 1-year notes, are selling right now in the market at 9 percent. Some day, perhaps, Congress is going to take a look at why the interest rates keep going up and at who raises them.

After all, I thought the U.S. Government was responsible for coining money and establishing the value thereof. But we are beginning to find out that some bank in Boston, or some bank in Chicago, or some bank in Houston, or some bank in New York, announces that the prime interest rate is 11.8 percent, and everybody gets in line.

Mr. President, they did not get elected to anything. All they did was raise the interest rate to raise their profits.

It has been said that this is good for us, Mr. President, just goody, goody for us, as the American people are taken to the cleaners by tight credit and high interest rates. The only people that helps are the rich; it makes them richer because they have the collateral. The independent businessman, the homeowner, or some would-be homeowner, the farmer, every one of them is paying through the nose because of this outrageous interest rate.

Mr. President, what are we trying to do here? We are trying to give the people who are the victims of inflation a little relief, just a little relief, because they are not going to get it anywhere else. Prices continue to go up, despite all the pronouncements from this administration. This administration could never qualify as expert in prophecy. As a matter of fact, as dead as this administration is, it will never even qualify by the rediscovery of a Dead Sea Scroll. They are just dead. Their economists make the most ridiculous calculations we have ever known. They are off about 100 percent, most of the time.

We are trying to give people who visit these galleries and who come to Congress, the ordinary working families of this country, just a little tax relief, because a person with an income of $6,000 a year has to pay out approximately 40 percent of that income for food. He is the victim of inflation; he is the victim of every kind of inflation. The person on a fixed income is a particularly hard hit victim of inflation.

Go home, Senators, and talk to the social security recipients in your States. Go home, and find out that during the last 10 days of every month many of them actually go hungry. Here we have a chance to give the ordinary, hard-working, decent people just a little tax relief, and we are told we must not do that, that it is going to upset things around here.

Well, Mr. President, this whole town needs to be upset; it needs to be turned upside down and shaken out. The people want some response from this Government; they want somebody who cares about them.

Two things need to be done. First, we must provide tax relief for low- and middle-income people. That is No. 1. That would help them a little bit. Second, the public has a right to expect that we will close at least a portion of the outrageous tax loopholes which exist.

No one can deny that this particular oil depletion loophole costs the American public over $2 billion every year in lost revenues. That lost revenue has to be picked up by the poor fellow out there or some little working family out here.

Listen, Mr. President, the Internal Revenue Service of this country collects from withholding taxes $6 billion to $8 billion more than they should. It is only refunded some time later during the year. Yes, Uncle Sam gets cheap money and he gets cheap money right from the pocket of the working families of this country, the people in the factories. He gets some $6 billion to $8 billion extra in withholdings from the Nation's working people.

Then, we come to the oil companies that are wallowing in their wealth and sloshing around in their profits. We come up to them and we say, "Won't you have another $2 billion? Won't you please take another $2 billion?" We sit around here and say that that is jolly, that that is justice, and that that is the way it should be.

They can explain it all day long around here but the folks in the country know what is going on. That factory worker knows he is having more money withheld from his paycheck every week than the law requires. That worker knows that he is paying 55 cents a gallon for gasoline that he could get for 35 cents a year ago. He knows what is going on. He knows that the oil companies are getting fat and rich.

Mr. President, I am not going to listen to all this bonanza talk about the poor little fellow out there going around with a cork screw drilling a little well. That is not the man, that is not who we are talking about. We are talking about some of these giants that do not know what to do with their money. We are talking about the people who go out and buy up Montgomery Ward or Barnum and Bailey Circus, as was said here yesterday.

I am very proud to be associated with this tax effort. We have not deluded ourselves. We know that it is an uphill fight. But if we lose we will be back again. I am not worried about the fact that we might lose a vote. I was in the Senate at a time when we lost every vote on civil rights, but it was 10 years ago in this very month of June that we were able to break the filibuster and pass the comprehensive Civil Rights Act. I waited 15 years for that. I was the first man to introduce a program for medicare on May 17, 1949. We waited 15 years and we finally got it. So I can wait. Mr. President, I will be

here, the Lord and the voters willing. I have to include both in that clause.

[Applause.]

The PRESIDING OFFICER. The galleries will please refrain from demonstrations.

Mr. HUMPHREY. I do want to say to the President of this body that we are going to fight, and fight, and fight until we get tax justice. It is time the American people understand that we mean business. The worst corruption in Government is to fail to be responsive to human needs. Watergate takes second place. When we are not responsive to the needs of our people, then we can neither explain nor condone. That is gross immorality.

I say to the Senate: What about these poor people out there who are not able to get by on these miserly low pensions as inflation goes up and up? What about the folks out there who have to drive a car to work? The price of gasoline goes up and up, the profits of the oil companies go up and up, and we say, "Don't touch that anointed calf called the oil depletion allowance."

Other companies do not get a depletion allowance. Companies such as General Motors and others pay corporate taxes. The oil companies have had special tax concessions built up for them over the years, and they want to keep them.

We used to give subsidies to our farmers; we used to give subsidies to the wheat farmers and the cotton farmers. When prices went up, when the price of wheat went up, the price of cotton went up, and the price of corn went up, we took off the subsidies. But when the price of oil goes up they say, "Yummy, give me more." They want the prices to go up and they also want to retain the subsidy. It is not right. I have never felt stronger about anything. It is not right.

I am not deluding myself about our possibilities today. But I am used to carrying on fights that we do not win right away. So I am prepared to stick with it.

Mr. President, I conclude by saying that when I hear the President will not sign this bill that does not bother me one bit. He did not sign the bill to give aid to the physically handicapped and the mentally retarded and he was wrong. But he can give a helicopter to the President of Egypt at the taxpayers' expense, I tell you, Mr. President, it does not budge me one bit to hear that, if we do something here, the President will not sign the bill.

As a matter of fact, one of the arguments in support of what I am doing is that he will not sign the bill, because he has been wrong, and wrong, and wrong. He did not sign education bills, he did not sign health and welfare bills, he did not sign the physically handicapped and mentally retarded bill. He vetoed the minimum wage bill.

But what do we hear from the administration on oil? We hear, "Raise the price." They raised the price $1 a barrel last year on domestic crude oil. What do we hear from the administration? Not one word; we hear not one word.

Mr. President, more revenue and more money is being lost to the bankers, as a result of these high interest rates, than would be lost to the Treasury from my amendment. This administration is very mute on banks and oil companies, on meat packers and food processors. They do not say anything about that.

Go to the butcher shop to buy beef or pork and the prices are way up; but they turn to the farmer, "You should do better." They will not stop imports, but they do not get on the back of the packer who is making profit, profit, profit.

They say, "Conserve oil." They say, "Don't drive so far; don't take the kids on a vacation." But they also say, "Mr. Oil Company, if you need an increase in price per barrel, we will deliver it to you, not on Christmas but on the Fourth of July." Give them 2 days a year to get an increase. When the bankers get an increase they say, "That is the way to attack inflation."

Well, not for this Senator. We are going to make a tragic mistake if we do not do something about the tax laws in this body. That is why we are in this fight and we will continue to fight an outrageous tax structure that has given special benefits to a few. We are going to do something to give a little benefit to the many, to the thousands, yea, the millions of taxpapers today, from a government which overholds from them and does not give them any relief from inflation. I believe we do have a good, strong program.

OPPONENTS' CONTRADICTIONS: IS OUR PACKAGE INFLATIONARY OR DEFLATIONARY?

The opponents of our package have wrapped themselves in contradictory arguments in making their case against the repeal of the oil depletion allowance and the accompanying tax cut proposal. First they say that the tax cut would be inflationary; in the next breath they say that our tax reforms would be deflationary by discouraging business investment. Well, is it inflationary or deflationary on balance? They cannot use both arguments at once.

The truth is that our two measures tend to balance each other. In any case, the size of both the tax cut and the offsetting revenue gain is minr in the context of the overall economy. The proposed tax cut of $4.6 billion is only one-third of 1 percent of the GNP. When its impact is analyzed using the most advanced computer models of the U.S. economy, the effect is hardly visible.

Our package is offered mainly on grounds of equity. It proposes to close a large loophole on the oil industry, which no longer needs special tax favors, and to restore the money to the rest of the taxpayers who have been footing the bill all these years. It is as simple as that.

WOULD DEPLETION REPEAL CUT PROFITS OR INCREASE PRICES?

A second contradiction in our opponents' case is the argument that depletion repeal will rob oil industry of its profitability, followed in the next breath by the argument that it also would mean higher consumer prices. Well, do they expect the reduction in this subsidy to come out of the consumer's hide or out of oil profits? Again, let us not play both sides of the street.

The truth is that prices under today's conditions are set by a combination of arbitrary decisions by OPEC and the Federal Energy Administration. Prices are far above costs and profits in most cases are excessive. There is no way in which a depletion repeal would increase consumer prices, unless FEA decides to compensate the companies for the loss of their subsidy by boosting the price ceiling on "old" oil.

Of course the action we propose should come out of profits. The American public feels outraged and victimized at having to pay cartel prices imposed by OPEC while oil producers are lining their pockets with millions of dollars in excess profits and paying far less than their share in taxes. There is absolutely no justification for any price increase to reimburse the industry for their taxes.

FOREIGN VERSUS DOMESTIC OIL PROFITS

The distinguished chairman of the Finance Committee yesterday raised an argument to which I should like to respond. He asked why we propose to eliminate a subsidy going mainly to domestic oil producers when 1973 data show that most of the increase in oil profits was on foreign production which this amendment would hardly affect.

Of course, the Senator from Louisiana is correct that tax policy toward foreign oil profits is much too lax and should be reformed. I welcome his indication that he favors action soon, and I know that he will give us the benefit of his expertise by formulating some sound proposals for doing so.

While it may be true, however, that most of the profit growth in 1973 was abroad, this is definitely not true in 1974. During most of 1973, if you recall, domestic oil prices were fairly effectively controlled by the Cost of Living Council, while scarcity prices for gasoline and other products reigned in Europe and other countries, and crude oil prices were rising rapidly.

The really big rise in domestic prices did not occur until the last month of 1973. First, the Cost of Living Council gave the crude oil producers a $1 per barrel increase on old oil. This yielded a windfall of about $2.6 billion dollars in pure profit. It came on top of a more modest increase in August. In the very last week of 1973, moreover, came the huge jump in OPEC prices which carried the prices of uncontrolled domestic oil up with them to a level above $10 per barrel. This meant an additional annual windfall of at least $6 billion.

So domestic oil production, although down in volume about 5 percent from last year, stands to yield revenues of about $10 billion more than last year. If price controls are not renewed before next February, or if increases in ceiling prices are granted in the meantime by FEA, this windfall could as much as double. That would make $20 billion in added revenues on domestic oil alone.

So 1974 is the year of the domestic profit boom. In the meantime, it appears that OPEC already has gone a long way toward constraining the profitability of production abroad through higher royalties and taxes. Producer countries are taking over an ever-increasing share of the production. Statements by officials of

the producing countries indicate their intention to increase the taxation of oil companies further as a percentage of actual market prices. Therefore, the profit on foreign oil to which the Senator from Louisiana referred is being rapidly eroded.

I think it is unwarranted, therefore, to conclude, as the Senator would lead us to believe, that domestic oil production remains less attractive than production abroad.

EFFECTS ON INDEPENDENT PRODUCERS

It is also erroneous to suggest that withdrawal of percentage depletion and imposition of normal taxes on the oil industry would drive domestic producers out of business. As the Senator notes, the number of independent competitors drilling and exploring for oil has declined in the last two decades, but this decline already has reversed itself because everyone who can obtain the necessary equipment and manpower is now seeking oil in response to today's high prices. The withdrawal of depletion under today's conditions amounts to skimming a little frosting off a cake that already is frosted 10 feet high. Today's oil prices yield a far higher return on investment than percentage depletion ever yielded, and continuation of depletion will make little difference in this return. Independent producers are enjoying higher average prices for domestic production than major oil companies, because they have a substantially higher proportion of uncontrolled oil.

Of course the costs of oil exploration also are increasing and will continue to do so. But let me make one thing clear that is being glossed over here. This is not a case in which prices are being forced up by costs. On the contrary, it is a case in which costs are being bid up because of the profitability of oil at present prices. Costs are following prices. Oilmen will pay nearly anything today for drilling rigs and other equipment and for skilled labor because of the tremendous payoff to producing oil. And what they will pay is determined by the estimated profitability. If percentage depletion is continued, profits will be higher, and people will pay more for scarce inputs than if depletion is repealed. So the effect of continuing percentage depletion will ultimately be to ratchet the costs of production up one more notch, making it that harder and more painful ever to get prices down again.

PLEA FOR CLOTURE

Before we vote on whether to permit a division of the Senate on the merits of my amendment, I would like to call the attention of my colleagues to the fact that the American people are undergoing one of the most discouraging eras of our history. They crave some indication that our Government can achieve reform and correct the inequities that exist in our tax laws and in other aspects of national life.

Following the vote last week on the omnibus tax reform-tax cut amendment, which was defeated, stories appeared in the Washington Post and many other newspapers across the land entitled: "Senate Crushes Tax Reform." My fellow Senators, I do not believe that this is the kind of news that restores faith of citizens in the ability of our Government to work.

The people are demanding an equitable tax system. This amendment represents the first step in that direction. The opponents of this measure wasted an entire week of the Senate's valuable time last week with an obstructionist amendment which was repudiated even by its author after it had served its obstructionist purpose. These opponents continue to try to block a vote on this streamlined package. The Senate must not permit itself to bog down in futility on this vital issue of tax reform. Let us answer this obstruction today with a resounding vote in favor of bringing this issue to a vote on its merits.

Mr. President, I yield to the Senator from Massachusetts whatever time he needs.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Will the Senator yield for 5 minutes?

Mr. HUMPHREY. Yes, indeed.

Mr. KENNEDY. Mr. President, the basic question before the Senate today is whether we, in Congress, are serious about taking even the first step toward tax reform.

We have had a number of votes in recent days, and each time, a substantial portion of the Senate, sometimes a strong majority, has gone on record against tax reform. Indeed, by the end of this cloture vote, some Members of this body will have voted eight successive times against tax reform in this 2-week period.

My guess is that many Senators will be explaining their votes against tax reform all the way to the polls between now and election day.

We know the powerful array of special interests allied against us. Together with the administration, they have so far been successful in stonewalling tax reform and defending their tax loopholes.

But even if we lose on the Senate floor, the issue is not lost before the country. Eighty million ordinary taxpayers will not be denied. They understood the meaning of these votes. They understand that our tax laws are monumentally unfair, that their taxes are too high because others pay too little. They understand that our tax priorities are out of joint, because of the billions of dollars in tax welfare that are handed out every year to the Nation's richest individuals and corporations. The only thing the people do not understand is why Congress fails to act.

In the amendments we have proposed to the Debt Ceiling Act, we are asking only that the Senate take a first step toward comprehensive tax reform. We are not asking changes in any provisions of the tax laws that have not been exhaustively debated again and again on the Senate floor and in Senate and House committees in recent years.

What we are asking is a downpayment on tax reform, through action now to close a handful of the most notorious loopholes in the tax laws, and to use the revenues we gain from these reforms to provide some significant tax relief to millions of ordinary taxpayers.

Today, the issue is our effort to repeal the oil depletion allowance—a loophole that has stood astride the Internal Revenue Code for nearly half a century, a colossus of special privilege for the Nation's oil producers.

Whatever the merits in years gone by, there is no substantial argument today for retention of the oil depletion allowance. The bloated profits of oil, triggered by the Arab oil embargo and the soaring price of oil, have brought a golden age of profits to the industry. While the average citizen endures the hardships of the energy crisis, the oil tycoons are basking in the highest profits in their history.

In the lush situation in which the oil industry finds itself today, excessive tax incentives like the depletion allowance are a complete anachronism, a dinosaur in the Revenue Code. They distort the economy and unfairly burden the ordinary citizen, whose tax dollars must be used to make up the windfall tax incentives still conferred on oil.

In this debate, we have heard a lot about preserving the free enterprise system by retaining the depletion allowance and the other tax advantages for oil. But my view is that the major cause of our energy crisis can be traced directly to the door of the Nation's largest oil companies.

The depletion allowance and all the other vast tax subsidies for oil have made the industry fat and flabby. They have bred waste and inefficiency and inhibited exploration and development, while management has rested secure in the invocation of "national security" and the idle generosity of Congress and the American taxpayer to bail them out and keep their profits flowing.

But now is the time to end all that. And, we can begin by ending the welfare plan for oil that the depletion allowance now clearly represents, welfare that is completely undeserved, because it goes to some of the richest and most profitable corporations in America today.

It is time for Congress to take a stand for tax reform, to let the average taxpayer know that Congress is on his side, too, and that help is on the way.

Mr. HUMPHREY. Will the Senator yield at that point?

Mr. KENNEDY. I yield.

Mr. HUMPHREY. On our time.

Mr. President, does the Senator from Massachusetts see the correctness of the analogy that I gave here between the subsidies that agriculture had sometime ago and the kind of tax subsidies that the oil industry has, in this sense: When agriculture was depressed and we had serious problems we had payment programs, we set aside acres and payments on those acres, and we had export subsidies for our commodities, even though in some sections of agriculture, like the cattle raisers have all they can do to get a guaranteed loan. They receive no subsidy when the cattle prices are down, the most agriculture gets now is just the chance to get a fair price.

Here comes the oil industry that goes

from 3.60 a barrel to $5.25 a barrel on old oil and up to $10.50 a barrel on new oil, with profits in the year 1974 in the domestic industry running at about $10 billion and an estimate for the next year up to $20 billion. Yet they want to keep these tax concessions in the oil industry It just does not make any sense.

I say, as a Senator representing an agricultural State that if we are going to keep these oil tax concessions on oil companies which are getting fat and rich and do not know what to do with their money, what about these farmers out here that take a risk with the weather and take a risk with everything they have? Maybe we ought to put back the subsidies for them, if that would be fair, but no farmer is asking for it, Senator. The only thing that the cattle farmer and the cattle raiser asked of this Congress was, "Would you make available some loan money that we could borrow and pay back?"

If the oil companies want to borrow some money from the Government to explore and develop, we ought to consider that, if they will pay it back. But, to get a handout, to become a daily Santa Claus for this pampered industry, to me is just ridiculous. I think the oil industry gets to be pretty much like a long-term welfare client. They do not ever want to get off. They just want to stay with it.

Mr. KENNEDY. I think the Senator has made the point effectively. Any review of the facts would indicate that 3 or 4 years ago, if the oil companies had thought they had even the remotest chance of getting $10 a barrel for oil, they would have been quick to give up the depletion allowance.

But now they want it both ways. The price of oil far exceeds their greatest expectations, but they insist that they must also be allowed to retain the depletion allowance.

The Senator's point is correct as it relates to agriculture. I think it is completely applicable to the issue before us now on the oil depletion allowance. How can Congress justify any tax subsidy for oil, when the price of oil is so high?

The Senator did not mention, although I have heard him talk about it in his other presentations, the other tax advantages that the oil industry still receive, even if our amendment is accepted. The point that has also been made here very well by many Senators, that the major oil companies are using their extraordinary profits, not to go out and explore for new oil, but to invest in other kinds of investments—Mobil is trying to buy Montgomery Ward, and Gulf tried to buy Ringling Brothers Circus. How can we justify tax subsidies for companies that use their profits in areas like that? They argue for these tax benefits as being necessary for the continued search to meet the Nation's energy needs, and then they use their profits to go off into unrelated ventures. Why should the American taxpayers have to pay for Mobil to buy a department store or for Gulf to buy a circus?

The PRESIDING OFICER. The Senator's time has expired.

Mr. KENNEDY. May I have 1 more minute?

Mr. HUMPHREY. I yield 1 minute to the Senator.

Mr. KENNEDY. Finally, I wonder if the Senator from Minnesota feels that the opposition to this amendment is in any way related to the fact that the major oil companies gave more than $4 million in political contributions in the 1972 election campaign? Obviously, there is a relation. And it helps to demonstrate the need for campaign finance reform as a key to tax reform.

For years in New England, we have seen the power of the major oil companies and their success in persuading the administration to continue the oil import program, and we see it here today in the administration's support of the continued depletion allowance.

Finally, let me make clear that this amendment, with the resources we are able, by repealing the depletion allowance, we can also provide some degree of tax equity and tax relief for the working people, the middle income, the low income, and the working poor.

We hear that this relief is going to be inflationary. However, by some peculiar logic, no one who opposes this reform complains that accelerated depreciation and percentage depletion and all the other tax subsidies for special interest groups are inflationary. But let us try to give some tax relief to the average citizen and the cry inflation immediately goes up. That isn't fair, and Congress should recognize that inconsistency for what it is.

Mr. ALLEN. Mr. President, how much time remains to the Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama has 16 minutes, and the Senator from Minnesota has 3 minutes.

Mr. ALLEN. I yield 4 minutes to the distinguished Senator from Arizona (Mr. FANNIN).

Mr. FANNIN. Mr. President, I express my appreciation to the distinguished Senator from Alabama. I certainly commend him for the efforts he is putting forth to protect the American taxpayer, and that is exactly what is involved.

We hear a lot of rhetoric, and tears being shed, regarding what is desired as far as legislation is concerned. But, after all, the American taxpayer wants to have some oil, gasoline, and certainly, wants to have the products that are so badly needed in this country.

I am not here to defend the oil companies. Certainly we have industries in this country of which we are very proud. We are proud of the jobs they have done, both domestically and internationally, and we could start quoting about the profits, the excess profits, and everything else. But we have legislation being considered in the Committee on Finance, it is being considered in the Committee on Ways and Means, that would take care of some of these profits that are being talked about, that the Senators are talking about. But, after all, what we are discussing now is not related to that particular problem. It is what are we going to do, I think, in Congress to assist this Nation of ours to work toward self-sufficiency and energy.

That is a very important matter to every American. I feel that we should do this in an orderly fashion. We should take into consideration what is involved in this process of writing legislation that would be most beneficial to all the people of this country.

Mr. President, the Finance Committee recently had the privilege of having Richard J. Gonzalez testify on certain fiscal aspects of the energy problem. Mr. Gonzalez is an economist with broad experience in industry, the academic world and government.

I would like to summarize six major points relating to percentage depletion:

PETROLEUM IS ESSENTIAL TO NATIONAL WELFARE

Petroleum, first of all, is essential to national welfare, and we must understand that and, I think, we all do.

Increasing supplies of oil and gas are essential for economic progress and national security. These fuels have greatly improved our living standards and have been of incalculable value during wars and other emergencies. Each gallon of oil provides the energy base for a dollar of national income. Therefore, petroleum will continue to be of vital importance to our expanding economy.

THE RISKS OF EXPLORATION MAKE PETROLEUM PRODUCTION A UNIQUE BUSINESS

High risks and large losses on unsuccessful ventures are inevitable in petroleum exploration. Only about 3 percent of the thousands of exploratory wells that must be drilled annually discover significant commercial deposits. Furthermore, the results of exploratory drilling are highly erratic and quite unpredictable. Finally, production results in depletion of a wasting asset that can be replaced only by new exploration and drilling, usually at increasing costs. These peculiarities seriously handicap attraction of funds into this business. Nevertheless, petroleum producers must risk about $5 billion annually to develop enough new supplies of oil and gas to meet the needs of our economy. The necessary amounts of money could not be attracted into the search for petroleum without reasonable tax differentials relative to nonmining investments that are less risky.

DIFFERENTIAL TAX TREATMENT IS NECESSARY FOR MINERAL PRODUCTION

The unique nature of petroleum producing makes it different from other businesses except mining. Most of the receipts from mineral production that appear to be income really represent capital and capital gains. These capital values cannot be taken out of the business or taxed as ordinary income without impairing the reserves of oil and gas required for continuous operation and for economic progress Therefore, differential tax treatment is necessary for petroleum production and for mining operations generally. Differential tax treatment should not be assumed to constitute preferential treatment because appropriate differentials are necessary for the unusual conditions in mining in order to avoid an inefficient allocation of capital when income taxes are imposed.

EXISTING PERCENTAGE DEPLETION RATES ARE APPROPRIATE DIFFERENTIALS

The rate of percentage depletion for petroleum set by Congress in 1926 after careful study was a conservative measure of the capital actually depleted by production. It continues to be a conservative measure at present. A reduction of percentage depletion would encourage operators to realize on their successful ventures through the capital gains route rather than by operation. Sales of reserves in the ground would adversely affect the funds available for development of new resources, the number of operators engaged in the business, and the estimated tax revenues to be realized from such reduction. The decision of the Federal Government to impose mandatory restrictions on imports would endanger the level of domestic exploration and drilling considered desirable for national security also serves to make clear the fact that any action taken now to reduce the incentive for expenditures on new ventures would be ill advised. Profits actually invested in successful petroleum operations are in line with those of other industries. Therefore, any additional taxes on petroleum production would inevitably have to be passed on to consumers because they could not be absorbed without seriously reducing the development of necessary new resources. In deciding whether petroleum producers and consumers pay a fair share of the tax burden, consideration must also be given to the special taxes imposed on petroleum, particularly severance and gasoline taxes. The various facts pertinent to this point lead to the conclusion that the long-established rate of percentage depletion is no more than an appropriate tax differential for current conditions.

A CUT IN DEPLETION WOULD HURT THE ECONOMY

If percentage depletion were reduced, the entire economy would suffer because economic progress would be retarded and tax revenues would decline. Drilling would be reduced sharply, with adverse effects on the use of steel and equipment for new wells, on employment of labor, and on development of new reserves of oil and gas. The minimum reduction in drilling to be expected if percentage depletion were cut to 15 percent of gross income would probably cause a loss in total tax revenues of a billion dollars annually. Less drilling would soon cause shortages of domestic supplies, thereby bringing about higher prices for our principal fuels and contributing to inflation. Even a small increase in gasoline prices caused by a reduction of percentage depletion could accelerate the trend toward economy cars and have far-reaching consequences on tax collections from gasoline and from the automobile, steel, and rubber industries.

PERCENTAGE DEPLETION AT EXISTING RATES PROMOTES THE NATIONAL WELFARE

Percentage depletion has become an integral part of the economic structure of the mineral industries as well as a key factor in economic progress. Existing rates cannot be reduced without serious consequences for all consumers, for millions of stockholders, for thousands of workers in many industries, and for national security. Therefore, percentage depletion should be continued at existing rates because such action best serves the public interest.

The paramount economic test of a system of taxation is that it should interfere as little as possible with the industrial progress that enables the entire population to enjoy the benefits of rising standards of living. Congress must be particularly concerned, therefore, about the effect of taxation on the key factors for industrial progress; namely, First, capital to provide the machines that multiply our productive capacity; and second, minerals as a source of materials and energy for an industrial society. Increasing quantities of capital and of minerals are the indispensable requisites for economic progress.

Taxation of mineral production is an extremely complex matter. Much of the popular discussion in favor of a reduction in percentage depletion overlooks many important points and is quite superficial. This paper has sought to call attention to points that should not be ignored in an objective evaluation of percentage depletion. The basic conclusion of this analysis is that differential taxation of petroleum production, such as that provided by percentage depletion, is required because of special circumstances of vital significance.

The issue of the proper rate for percentage depletion has been reviewed in both theoretical and practical terms. The evidence supports existing rates for oil and gas as an appropriate differential required to attract the amount of capital that needs to be risked in the search for new supplies in the interest of economic progress and national security. The encouragement to development of petroleum resources supplied by percentage depletion has been of incalculable benefit to the Nation and to every citizen in war and peace.

Vast sums of equity capital and borrowed money have been ventured in exploration and drilling for oil and gas on the basis that the existing rates of percentage depletion will be maintained, regardless of the changes up or down in basic tax rates. These rules have become a part of the economic structure of the industry, and have been a major factor in the availability of adequate supplies of petroleum at resonable prices. Any change in the system will necessarily create adverse consequences for millions of investors, for all consumers of oil and gas, and for the Nation as a whole.

Impartial analysis of this problem by congressional committees in the past and by special governmental agencies, such as the President's Materials Policy Commission and the Special Cabinet Committee on Energy Resources and Supplies, has led to the conclusion that percentage depletion should be continued at existing rates because such action best serves the general public interest. The present analysis leads to the same conclusion. In fact, the conclusion can be carried further to say that a reduction in percentage depletion would not only hurt the entire economy but also adversely affect tax revenues. Therefore, the long-established system of percentage depletion should be continued in effect without change.

Mr. ALLEN. Mr. President, I yield 6 minutes to the distinguished senior Senator from Louisiana (Mr. LONG), chairman of the Committee on Finance. I am sure the Senate will be pleased to receive his recommendations on this legislation.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 6 minutes.

Mr. LONG. Mr. President, this amendment proceeds on the assumption that the oil companies ought to pay more taxes.

Frankly, Mr. President, in that regard I think the sponsors in general terms are correct. Unfortunately, they are badly off base in terms of what segments of the oil industry ought to pay more taxes.

Behind us there is a chart which helps to indicate why we are paying so much for oil and gas today. The Senators will notice that the capacity of the domestic industry to produce oil has declined very drastically since 1956.

It will be noted from that chart that oil well discoveries, for example, in 1956 totaled about 2,400 in a single year.

Today, the Senators will note that the rate of new discoveries in this country, according to the latest information, was running about 600.

It was thought by some that it was a good idea to import foreign oil because foreign production costs were cheaper. But, Mr. President, our Arab friends have taught us a hard lesson in economics—that is, just because they can produce it cheaper does not mean they will sell it cheaper. They have informed us that they are going to make us pay for oil what it costs us to produce it here, not what it costs them to produce it there.

Just because they can produce it for 15 cents a barrel, and just because their wells will produce an average of 6,000 barrels a day—while ours produce an average of 14 barrels a day—does not mean they are going to sell it cheaper. They are going to demand a higher price.

It is unfortunate that those who relied upon foreign oil are paying a price of $10 for it. Awhile back they were paying $20 a barrel for oil. The high prices have hurt the whole world because the United States has permitted its oil industry to decline to the point where it cannot even provide the U.S. requirements, much less help all of our allies.

Now, what is the answer to the problem of high prices? The answer is that we must increase our production. Seventy to seventy-five percent of all our energy is produced from oil and gas. Everybody who studies the problem says that, if we are going to be self-sufficient within the next 10 or 15 years, most of that self-sufficiency will have to come from increased production of oil. We should make oil exploration sufficiently attractive economically so that those 10,000 independent producers who have been put out of the oil business will go back into the oil business and

the American industry, instead of drilling its wells overseas and spending its money for supertankers to bring in Venezuelan and Saudi Arabian oil, will be putting that same steel into drilling equipment to provide wells here in this country and bring up our capacity. Because from this point forward as long as any of us serve in the Senate, I say, without any peradventure of successful contradiction, it will be the domestic producers who will pull down the foreign price, and not the foreign producers who pull down the domestic price, as it was prior to the Arab boycott.

Now, look at that next chart. There is where the profits are. The Senators will note that the second chart shows that, while there was a time when the domestic oil profits exceeded foreign oil profits, thanks to the international cartel of the oil exporting countries imposing this big price increase on the world, there are now multinational American oil companies which are making almost $8 billion in profits on foreign oil, while the profits on domestic oil are only a little above what they were before.

As a matter of fact, I put in the RECORD yesterday a table showing that for the seven major companies, that is, international oil companies, their profits on domestic operations in 1973, which were supposed to be so high, were only 6 percent above what they were in 1972.

We have more inflation than that. If we put it in terms of constant prices, their profits in 1973 were even less than their profits in 1972 on domestic oil production, which is what we ought to try to encourage greater production of.

In foreign oil operations those same seven companies had an increase in profit of 137 percent. They made about $6.5 billion profit in foreign oil.

Mr. President, that leads to the conclusion that if we want to tax the oil companies more, we should not be taxing the independents any more, unless we want to drive them out of business. This Nation by unwise policies has already put 10,000 of the 20,000 American independent producers out of business. We should be trying to put them back in business, not take them out of business. If we want to levy more taxes, we ought to levy them on the foreign production where the profits are, and if we want to do that, we are not going to succeed by repealing the depletion allowance.

A repeal of the depletion allowance will only increase the tax on that $6.5 billion of foreign oil profits by American oil companies by $40 million.

Mr. President, that is not even a gnat's bite on the jaw—$40 million tax on somebody making $6.5 billion. If we want to tax the foreign oil profits, which is where the big profits are being made and where the high prices are being charged, we ought to do something about the foreign tax credit; and this amendment does not do anything about that.

And so, Mr. President, if we are going to do something in the area of taxing foreign oil, I will vote for a well considered bill out of the Finance Committee to do exactly that, and we will reduce the depletion allowance or eliminate it completely on the foreign oil and do something about the tax credit; but if we want to do that, Mr. President, it should be carefully considered, because it involves a series of factors, more than just the depletion allowance.

The PRESIDING OFFICER. The Senator's time expired. Who yields time?

Mr. ALLEN. Mr. President, I yield myself 3 minutes.

Mr. President, I favor tax reduction and I favor tax reform, but I would like to see it handled in the manner provided by the Constitution, and the manner provided by the regular legislative process, that is, for a House bill to go through the Ways and Means Committee of the House of Representatives and receive the recommendations of that committee for a tax reduction offset with proper tax loophole closing and additional tax levies that would not damage the economy. Let that bill come over to the Senate for the considered judgment of the Finance Committee and have the recommendations of the Finance Committee, and then we would have no discussion here on the Senate floor and no extended discussion from the Senator from Alabama, because I would feel that that would be a sound piece of legislation, and all of these amendments that are being submitted could be properly offered to that.

But the Senators do not want to go the regular route. They want to substitute their expertise for the expertise of the regularly constituted committee. They are presenting here in the Senate now a pound and a half of amendments, Mr. President. Accepting the Humphrey package—the lopsided Humphrey package now, because it has been shaved down some, but the Senators have offered us this pound and a half of amendments. We have a clean bill, Mr. President; by that I mean it is the 12-line bill that came over from the House of Representatives. If we fail to invoke cloture, I believe the distinguished Senator from Minnesota will close down and let us go ahead on this debt ceiling bill.

These amendments have no connection with that bill. They have no reference whatsoever to the debt ceiling. They are just attached on this bill trying to hold it hostage, Mr. President, and force the Senate to accept a pound and a half of amendments.

I do not believe the Senate will let them get by with that.

Mr. President, I want to talk for a moment on the merits of this great tax reform measure they are talking so much about.

Let us see if it is a great tax reform measure. It would add $50, Mr. President, to the $750 exemption that is presently allowed by law.

If we take a professional person of large income, who is in the 70 percent tax bracket——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ALLEN. I yield myself an additional minute.

If we do that, it will give that wealthy person a tax saving of $560 per exemption. To a man in the 25 percent tax bracket, it would give a saving of only $200. So it provides $560 for the wealthy man, $200 per exemption for the man in the 25 percent bracket.

Approaching it another way, this extra $50 per exemption for a 25 percent taxpayer would amount to only $12.50 a year per exemption—$12.50 a year, 25 cents a week. Mr. President, the grocery bill of a taxpayer will go up more than 25 cents per week per exemption if this bill is passed, and if the deficit is increased and the fires of inflation are fueled.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. ALLEN. Mr. President, I hope the Senate will vote against the cloture motion. Let us wrap this matter up. Let us send this bill to Moscow to be signed by the President. I would be glad to see the distinguished Senator from Minnesota and the distinguished Senator from Massachusetts——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ALLEN (continuing). And the other distinguished Senator from Minnesota appointed as emissaries to go over to Moscow with this bill to have signed, because it has to go to Moscow to be signed by the President.

Let us send them on over to Russia.

Mr. HUMPHREY. Mr. President, I gladly accept the journey the Senator from Alabama has prescribed. He is very considerate. Let me just say that the Senator from Alabama again speaks well, but has a poor argument. Here is a Senator who has added more amendments to debt ceiling bills than almost any other Senator. I have no questions about that at all. He does not mind putting a busing amendment on any old bill that comes along. I respect that; the Senator is ingenious on those things. So we will move that argument out of the way.

Mr. ALLEN. Mr. President, will the Senator yield just 15 seconds?

Mr. HUMPHREY. I cannot do that right now.

Mr. ALLEN. I have never offered an amendment to a debt ceiling bill.

Mr. HUMPHREY. If I am in error, I will retract it.

Let me say that the Senator from Alabama says there really is not much tax reduction here, but I will tell the Senator it is more than they are presently getting. We do not say this is Utopia; we say it is of help. We wish to do better. We are not perfect.

Let me say, in reference to the chart, that I am very much interested in that chart. I am going to walk over and take a look at it, if I can before my time runs out.

Mr. President, this chart is dated 1973, and in 1974 the Arab countries started taxing these oil supplies of American companies. In the last month of 1973 the Cost of Living Council gave the old oil producers an extra dollar a barrel, which was a windfall of $2.5 billion profit. So the 1973 figures are out of date.

I will tell you when the country got racked on oil. It was in 1974. It was last winter that we had the shortage. It was last winter that the price went up. It was last winter that the oil companies literally had to call a truck to bring in their profits. That is domestic as well as foreign. As a matter of fact, domestic profits

are going up twice as fast as foreign profits.

That is why this amendment does have sense. The domestic oil producer is not a candidate for the Office of Economic Opportunity. He is not a candidate for the welfare program. The oil producers domestically are doing mighty well.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HUMPHREY. If you take all parts of the economy here.

Mr. ALLEN. I yield the distinguished Senator from Minnesota time for the completion of his statement.

The PRESIDING OFFICER. The Senator from Minnesota has 1 minute remaining, and that is all the time that remains.

Mr. HUMPHREY. I yield that 1 minute to my distinguished associate in this debate, the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the Senator from Minnesota has pointed out the most obvious fallacy in the chart, and that is that it does not show the estimated profits for 1974 and 1975. The chart itself shows a 20-percent increase in profits from 1972 to 1973, but it goes no further than 1973. Twenty percent isn't bad for 1973, but it pales by comparison with what 1974 will show. We already know about the fantastic profits reported for the first quarter of 1974. If we were to extend these charts into 1974 and 1975, the bars might have to go right up to the ceiling of this Senate Chamber, because the profits are so large.

Mr. President, I hope that the cloture motion will be successful.

CLOTURE MOTION

The PRESIDING OFFICER (Mr. HARTKE). Under the previous order and pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The second assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending amendment to the bill, H.R. 14832, to provide a temporary increase in the public debt limit through March 31, 1975.

Mike Mansfield, Edward M. Kennedy, Thomas F. Eagleton, Alan Cranston, Frank Moss, Daniel K. Inouye, Henry M. Jackson, Jennings Randolph, William Proxmire, Walter F. Mondale, Gaylord Nelson, William D. Hathaway, Hubert H. Humphrey, Philip A. Hart, Harold E. Hughes, George McGovern, Lee Metcalf, James Abourezk, Abraham Ribicoff.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The second assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 278 Leg.]

Abourezk	Bayh	Bible
Aiken	Beall	Biden
Allen	Bellmon	Brock
Baker	Bennett	Brooke
Bartlett	Bentsen	Buckley
Burdick	Hathaway	Packwood
Byrd, Harry F., Jr.	Helms	Pastore
Byrd, Robert C.	Hollings	Pearson
Cannon	Hruska	Pell
Case	Huddleston	Percy
Chiles	Hughes	Proxmire
Clark	Humphrey	Randolph
Cotton	Inouye	Ribicoff
Cranston	Jackson	Roth
Curtis	Javits	Schweiker
Dole	Johnston	Scott, Hugh
Domenici	Kennedy	Scott, William L.
Dominick	Long	Sparkman
Eagleton	Magnuson	Stafford
Eastland	Mansfield	Stennis
Ervin	Mathias	Stevens
Fannin	McClellan	Stevenson
Fong	McClure	Symington
Fulbright	McGee	Taft
Goldwater	McGovern	Talmadge
Gravel	McIntyre	Thurmond
Griffin	Metcalf	Tower
Gurney	Metzenbaum	Tunney
Hansen	Mondale	Weicker
Hart	Montoya	Williams
Hartke	Moss	Young
Haskell	Muskie	
Hatfield	Nelson	
	Nunn	

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK) is necessarily absent.

The PRESIDING OFFICER. A quorum is present.

UNANIMOUS-CONSENT AGREEMENT—SUPPLEMENTAL APPROPRIATIONS, 1974

Mr. MANSFIELD. Mr. President, I am about to make a unanimous-consent request, before the roll is called. This meets with the approval of the distinguished chairman of the Appropriations Committee, the Senator from Arkansas (Mr. McCLELLAN); the distinguished ranking Republican member of the Appropriations Committee, the Senator from North Dakota (Mr. YOUNG); with the joint leadership, and, hopefully, with the other Members of the Senate.

Mr. President, I ask unanimous consent that immediately after the conclusion of the vote about to take place, the Senate proceed to the consideration of Calendar No. 931, House Joint Resolution 1061; that there be a limitation of 6 minutes, 2 minutes to the Senator from Arkansas, 2 minutes to the Senator from North Dakota, and 2 minutes to the Senator from Wisconsin (Mr. PROXMIRE), after which the vote will take place.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and it is so ordered.

Mr. McCLELLAN. Mr. President, reserving the right to object, that is the shortest time I have ever heard of. I have no objection.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER (Mr. HARTKE). The question is, Is it the sense of the Senate that debate on the pending amendment, No. 1522, to the bill (H.R. 14832) to provide for a temporary increase in the public debt limit until March 31, 1975, shall be brought to a close? The yeas and nays are mandatory under the rule. The clerk will call the roll.

Mr. MANSFIELD. Mr. President, may we have order? Will the Chair request Senators to take their seats?

The PRESIDING OFFICER. Will Senators who are in the Chamber please go to their respective seats? The aides will please go to the rear of the Chamber.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), is necessarily absent.

The yeas and nays resulted—yeas 48, nays 50, as follows:

[No. 279 Leg.]

YEAS—48

Abourezk	Huddleston	Muskie
Aiken	Hughes	Nelson
Bayh	Humphrey	Packwood
Biden	Jackson	Pastore
Brooke	Javits	Pearson
Burdick	Kennedy	Pell
Case	Magnuson	Proxmire
Chiles	Mansfield	Randolph
Clark	Mathias	Ribicoff
Cranston	McGovern	Schweiker
Eagleton	McIntyre	Stafford
Hart	Metcalf	Stevenson
Haskell	Metzenbaum	Symington
Hatfield	Mondale	Taft
Hathaway	Montoya	Tunney
Hollings	Moss	Williams

NAYS—50

Allen	Dominick	McClure
Baker	Eastland	McGee
Bartlett	Ervin	Nunn
Beall	Fannin	Percy
Bellmon	Fong	Roth
Bennett	Fulbright	Scott, Hugh
Bentsen	Goldwater	Scott, William L.
Bible	Gravel	Sparkman
Brock	Griffin	Stennis
Buckley	Gurney	Stevens
Byrd, Harry F., Jr.	Hansen	Talmadge
Byrd, Robert C.	Hartke	Thurmond
Cannon	Helms	Tower
Cotton	Hruska	Weicker
Curtis	Inouye	Young
Dole	Johnston	
Domenici	Long	
	McClellan	

NOT VOTING—2

Church	Cook

The PRESIDING OFFICER. On this vote the yeas are 48, and the nays are 50. Two-thirds of the Senators present and voting not having voted in the affirmative, the motion is not agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the following bills in which it requests the concurrence of the Senate:

H.R. 14715. An act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes; and

H.R. 15544. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending June 30, 1975, and for other purposes.

HOUSE BILLS REFERRED

The following House bills were each read twice by their title and referred as indicated:

H.R. 14715. An act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 15544.. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending June 30, 1975, and for other purposes; to the Committee on Appropriations.

SUPPLEMENTAL APPROPRIATIONS, 1974

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of House Joint Resolution 1061, which the clerk will state by title.

The second assistant legislative clerk read the joint resolution by title, as follows:

A joint resolution (H. J. Res. 1061) making further urgent supplemental appropriations for the fiscal year ending June 30, 1974, for the Veterans Administration, and for other purposes.

The Senate proceeded to consider the joint resolution.

Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, this urgent supplemental appropriation bill was handled by the subcommittee——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate, so the Senator may be heard?

Mr. PROXMIRE. The pending measure contains——

Mr. ROBERT C. BYRD. Mr. President, may be have order called in the Senate, without the time being charged to the Senator?

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

Mr. PROXMIRE. Mr. President, the pending measure contains appropriations aggregating $179,000,000.

For compensation and pensions, $100,000,000 is provided in order to implement Public Law 93–295, which was approved May 31, 1974, and which became effective May 1, 1974. This legislation increased the rates of disability compensation for disabled veterans and also increased the rates of dependency and indemnity compensation for their survivors.

For readjustment benefits, there is recommended an appropriation of $77,000,000, which is provided to implement Public Law 93–293, which was approved May 31, 1974, and which granted a 30-day emergency extension of the eligibility period for veterans discharged prior to June 1, 1966. There will be a total of 285,000 trainees, who will benefit from the provisions of Public Law 93–293, including 141,000 who will be taking training at the college level, 46,000 at the below college level and 98,000 enrolled in correspondence courses.

Also provided in the pending measure is $2,000,000 for the general operating expenses of the Veterans' Administration, which is $500,000 below the estimate but the same as the House allowance.

Of this sum, $1,500,000 will be used to put into effect the so-called man-on-campus program which is primarily designed to insure better service to veterans, and in particular, to expedite the monthly allowance paid to veterans enrolled in various educational institutions. The remaining $500,000 is provided to pay for the overtime necessitated because the delimiting period to utilize educational benefits has been extended and will require the manual research of records in order to identify those veterans whose benefits had previously expired and are now eligible.

Mr. President, that concludes my statement, and I urge that House Joint Resoultion 1061, as reported to the Senate without amendment, and as passed by the House unanimously, be adopted.

Mr. YOUNG. Mr. President, I am sure there is no opposition to this resolution.

The joint resolution would appropriate a total of $179,000,000 for the Veterans' Administration. The amounts recommended for Compensation and Pensions, and Readjustment Benefits payments are due entirely to the enactment of Public Law 93–295, and Public Law 93–293, both approved on May 31, 1974. The funds are required for benefits payments in the current fiscal year. Also provided in the General Operating Expenses appropriation is $1,500,000 for veterans benefits counselors and $500,000 for overtime pay which is required because the extension of the delimiting period to utilize education benefits making necessary the manual research of records to identify those veterans whose benefits have expired and are now eligible. These budget requests are contained in House Document No. 93–318, and were submitted too late for consideration in the Second Supplemental Appropriation bill, 1974, which became law on June 8, 1974.

Mr. President, I urge the approval of the joint resolution.

The PRESIDING OFFICER. The Senator from Arkansas (Mr. McCLELLAN) has 2 minutes.

Who seeks recognition?

Mr. McCLELLAN. Mr. President, I am ready to yield back the remainder of my time.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendments to be proposed, the question is on the third reading.

The joint resolution was ordered for a third reading, and was read the third time.

Mr. McCLELLAN. Mr. President, I yield back the remainder of my time.

Mr. YOUNG. I yield back the remainder of my time.

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The joint resolution, having been read the third time, the question is: Shall the joint resolution pass? The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK) is necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK) would vote "yea."

The result was announced—yeas 98, nays 0, as follows:

[No. 280 Leg.]

YEAS—98

Abourezk	Fulbright	Montoya
Aiken	Goldwater	Moss
Allen	Gravel	Muskie
Baker	Griffin	Nelson
Bartlett	Gurney	Nunn
Bayh	Hansen	Packwood
Beall	Hart	Pastore
Bellmon	Hartke	Pearson
Bennett	Haskell	Pell
Bentsen	Hatfield	Percy
Bible	Hathaway	Proxmire
Biden	Helms	Randolph
Brock	Hollings	Ribicoff
Brooke	Hruska	Roth
Buckley	Huddleston	Schweiker
Burdick	Hughes	Scott, Hugh
Byrd, Harry F., Jr.	Humphrey	Scott, William L.
Byrd, Robert C.	Inouye	Sparkman
Cannon	Jackson	Stafford
Case	Javits	Stennis
Chiles	Johnston	Stevens
Clark	Kennedy	Stevenson
Cotton	Long	Symington
Cranston	Magnuson	Taft
Curtis	Mansfield	Talmadge
Dole	Mathias	Thurmond
Domenici	McClellan	Tower
Dominick	McClure	Tunney
Eagleton	McGee	Weicker
Eastland	McGovern	Williams
Ervin	McIntyre	Young
Fannin	Metcalf	
Fong	Metzenbaum	
	Mondale	

NAYS—0

NOT VOTING—2

Church	Cook

So the joint resolution (H.J. Res 1061) was passed.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The PRESIDING OFFICER (Mr. HARTKE). The Chair now lays before the Senate the unfinished business, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. The pending question is on agreeing——

Mr. LONG. Mr. President——

The PRESIDING OFFICER. To the amendment of the Senator——

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

The PRESIDING OFFICER. The clerk will call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

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

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The 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 (Mr. BART-

LETT). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the distinguished Senator from Arkansas (Mr. FULBRIGHT) be recognized for not to exceed 20 minutes at this time, to speak out of order on a matter not germane to the pending measure, with the understanding that the Senator from Louisiana (Mr. LONG), who now has the floor, will be recognized immediately thereafter.

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

NORMALIZING RELATIONS WITH THE SOVIET UNION—AVENUES AND OBSTACLES

Mr. FULBRIGHT. Mr. President, as President Nixon travels to Moscow for his third annual meeting with the Soviet leaders, it seems worth recalling that we have traveled a considerable distance since the worst days of the cold war. In 1947, Dean Acheson won support for the Truman doctrine by characterizing communism as a contagious disease, and Senator Arthur Vandenberg heralded "the worldwide ideological clash between Eastern communism and Western democracy." In 1955, as the McCarthy hysteria abated, an Iowa farmer, Roswell Garst, later to be host to Nikita Khrushchev, was given grudging permission by the State Department to accept an invitation to the Soviet Union, although, by Mr. Garst's own account:

> I was told that they thought I had wasted their time and that they believed no one could teach the Communists anything nor sell them anything. . . .

Even in 1961, President Kennedy, in his first state of the Union message, warned us never to be lulled into believing that either Russia or China "had yielded its ambitions for world domination. * * *"

In his fine speech at Annapolis on June 5, 1974, President Nixon spoke with justified pride of the many agreements reached with the Soviet Union during his period in office, and he said that—

> Upon these bridges we are erecting a series of tangible economic and cultural exchanges that will bind us more closely together.

Said the President:

> An enduring structure of peace must be cemented by the shared goals of coexistence and the shared practice of accommodation.

As the President journeys to Moscow, we may hope that tangible progress may be made along the two main avenues of détente: arms control and trade. A general accord on trade, outlining principles and guidelines, seems probable, and there is also a good chance for an agreement limiting underground nuclear tests to a certain "threshold" of explosive power. We may hope too—though not very confidently—that more important agreements will also be reached or at least approached—to limit the deployment on both sides of multiple warhead missiles known as "MIRV's," and to extend the 5-year interim agreement on offensive missiles beyond 1977. We may also hope that the emotionally charged issue of emigration from the Soviet Union will be resolved or at least allayed, so as no longer to pose an obstacle to trade and investment between the United States and the Soviet Union.

There are indications that General Secretary Brezhnev and his colleagues are prepared to go far to reach agreements, that they are indeed interested in normalizing relations with the United States.

Mr. Brezhnev assured Members of Congress when he visited here last year:

> We came here to consolidate good things, not to quarrel.

In a speech on June 14 of this year Mr. Brezhnev noted that—

> Advocates of the arms race use the argument that to limit arms and even more to reduce them involves taking a risk.

He went on to warn that—

> In practice, it is an immeasurably greater risk to continue the unbridled accumulation of arms.

As to emigration, there are unsubstantiated reports that the Soviet Union may be willing to guarantee in writing a Jewish emigration level of 45,000 a year—an increase of almost 15,000 over the previous maximum for 1 year—and also to guarantee against the harassment of prospective emigrants.

Why indeed would the Russians want to normalize relations with the United States? What are their motives? One probable motive is the fear of China, and of a conceivable Sino-American alliance. Another is the wish to consolidate the Soviet position in Eastern Europe. Still another—recurrent in Soviet statements since Khrushchev's time—is the acute, embarrassed awareness of comparative economic backwardness, and the resulting desire to reduce the arms burden and attract Western technology and investment for Soviet economic development. In Secretary Brezhnev's recent statements one hears an echo of Chairman Khrushchev's words to the Foreign Relations Committee back in 1959:

> We have always had great respect for the American people. We have also been somewhat envious of your achievements in the economic field, and for that reason, we are doing our best to try to catch up with you in that field, to compete with you, and when we do catch up, to move further ahead.[1]

There seems no doubt, too, that President Nixon—despite his anti-Communist past—and Secretary Kissinger surely, are solidly committed to the normalization of Soviet-American relations. The Secretary, being a historian, comes naturally by his appreciation of the advantages of accommodation. As to Mr. Nixon, the vicissitudes of Watergate seem to have had a good effect on him: they have given him added incentive for a productive, responsible foreign policy. I most emphatically do not agree that Watergate has undermined the administration's effectiveness in foreign policy; the administration's successes ought to refute that charge. Most foreigners seem either bored by Watergate or puzzled by all the fuss. They may even find us easier to deal with now that we—or at least some of our leaders—have been knocked off their moral high horse. The Russians may even be inclined to help the President out with timely, politically useful concessions. As one Soviet journalist told an American counterpart:

> He's been a good partner for us. And you don't let a good partner down when he is in trouble. You help him out.[2]

If indeed anyone is exploiting Watergate to the detriment of our foreign policy, it is not the Russians but some of our own military leaders and certain Members of the Senate who resist any reduction in appropriations for the Pentagon. In their view President Nixon's conception of "shared goals of coexistence" is a delusion, because, as they see it, the Russians are unalterably committed to world domination and are using détente as a trick or a tactic toward that goal. Emboldened by the President's domestic difficulties, the cold warriors in the Pentagon and in Congress have mounted a concerted offensive, both against arms control and trade with the Soviet Union.

The Secretary of Defense evidently feels free to undercut the administration's détente policy by pressing for a wholly unnecessary "equivalence" with the Soviet Union in "throw weight" and numbers of missile launcher, despite an American advantage of more than 3 to 1 in warheads. Mr. Schlesinger also propounds a "targeting doctrine" which would confront the Russians with the destabilizing prospect of an apparent American bid for first-strike capacity. At the same time the Senator from Washington and his allies continue their dangerous meddling in the internal affairs of the Soviet Union, even though, as James Reston commented a year ago:

> Mr. Brezhnev has tolerated American interference with his internal laws more than any American President would have tolerated similar interference from the Soviet Union.[3]

Prospects for a strategic arms limitation agreement were materially reduced by the defeat in the Senate on June 10, by a vote of 49 to 37, of Senator McINTYRE's sensible, moderate proposal to delay the funding of counterforce research and development until the President certifies failure in the effort to limit MIRV's through the SALT talks. Mr. Schlesinger has thus been given the green light to proceed with his new "targeting doctrine" with all its destabilizing possibilities. Superficially appealing as a means of providing "selectivity and flexibility," allowing of limited nuclear strikes as well as all-out attacks on cities, the new targeting doctrine will surely be perceived by the Russians as a bid on our side for the development of a preemptive, first-strike capability against missile sites and command centers.

It threatens, thereby, to undermine the single most important achievement in

---

[1] Quoted in J. W. Fulbright, "The Crippled Giant," p. 26.

[2] Hedrick Smith, "Mr. Brezhnev Is Looking Beyond the President," the New York Times, June 23, 1974, p. E1.

[3] The New York Times, June 22, 1973.

arms control thus far, the ABM treaty. Under that agreement—which confines both powers to no more than two anti-ballistic missile sites—the Soviet Union and the United States in effect committed themselves to permanent coexistence. Insofar as each side admits it has no defense against nuclear ICBM's, it also commits itself to peace and to the survival of the other's power and ideology. Secretary Schlesinger's "new flexibility," and the apparent bid for a first-strike capacity, cannot fail to undercut the mutual confidence and sense of security to which the ABM treaty was beginning to give rise.

With a flawless sense of timing, the enemies of détente have chosen the moment of the President's departure for Moscow to fire a few broadsides at his policy. The Senator from Washington weighed in with a charge, promptly and convincingly refuted by the Secretary of State, that the administration had agreed secretly at the 1972 summit to allow the Russians to exceed their allotted 950 modern submarine-launched missiles, and had also promised to hold the American submarine force below its allotted and planned level. With apparently similar intent, Mr. Paul Nitze, a recently resigned SALT delegate, chose the day before the President's departure to grant a highly publicized interview complaining of a lack of "trust" in subordinates on the part of the President and the Secretary of State, and also insinuating that they were on their way to Moscow to make a bad bargain, adding:

> I felt the difficulties in Washington stemming from the Watergate affair were not without significance.[4]

If Watergate is hampering the administration's foreign policy, it is not the doing of the Russians but of the cold warriors at home. It is interesting, by contrast, to recall General Secretary Brezhnev's comments on Watergate a year ago. Before leaving Moscow for Washington, he told a group of American reporters that—

> It would be quite indecent and quite unsuitable for me to intervene in that affair in any way * * *.

His attitude toward President Nixon, he added, was one of "very great respect," based, he said, on the President's "realistic, constructive approach to the problem of improving relations between our two countries * * *."[5]

The other current major obstacle to détente is the extraordinary pressure being applied to the Russians on their emigration policy, which threatens to undercut promising possibilities of trade and investment. According to press reports, the Senator from Washington (Mr. JACKSON), the Senator from New York (Mr. JAVITS), and the Senator from Connecticut (Mr. RIBICOFF) were dissatisfied with Secretary Kissinger's indication that the Russians would be willing to guarantee in writing that they would permit the emigration of 45,000 Soviet Jews a year, and further would give a pledge against the harrassment of prospective emigrants. According to press reports, the Secretary was told he would have to "come back with something more."

With all respect to my colleagues' humanitarian concern, I am bound to suggest that they are playing a dangerous game. The Soviet Union is a great and proud nation and, however reprehensible some of its internal practices may be, it is not likely to yield indefinitely to foreign pressures for their reform. They have indeed cut back emigration this year to a rate 25 percent below last year's level, as an evident sign of their displeasure with American pressure.

There are, too, larger issues at stake, issues more directly related to the national interests of the United States. Over and above the potential economic benefits, the broader purpose of investment and nondiscriminatory trade is political: the cultivation of an international atmosphere of security and cordiality in which the dangers of nuclear war could steadily abate. The issue is not one of favored treatment for the Soviet Union, but only one of nondiscrimination, which is all that most-favored-nation trade treatment confers. The threat to withhold this, as well as ordinary commercial credits, as a lever on Soviet emigration policy, is not only likely to prove ineffective in terms of its own objective, but also represents a distortion of our national interest. Stabilizing the peace is our own overriding interest in relations with the Soviet Union, and it is too important to be compromised by meddling—even humanitarian meddling—in internal Soviet affairs. As President Nixon very sensibly put it in his Annapolis speech:

> We cannot gear our foreign policy to transformation of other societies. In the nuclear age our first responsibility must be the prevention of a war that could destroy all society. We must never lose sight of this fundamental truth of modern international life.

Mr. President, I have recently been in communication with Mr. Roswell Garst, the Iowa farmer whose advanced farming methods so impressed Nikita Khrushchev. In his letter to me Mr. Garst points to the potential benefits of Soviet-American trade. The Russians being short of food, and we being short of natural gas for the production of nitrogen fertilizer, we could develop a natural trade relationship exchanging Soviet natural gas for American soybeans, wheat and corn.

Mr. Garst also sent me a copy of a letter he received from Chairman Khrushchev, dated December 31, 1959, in which Mr. Khrushchev pointed to the insanity of spending immense sums on arms, and then went on to say:

> The bulk of the money saved as a result of the disarmament could be also used for the purpose which is so dear to your heart, and I shall not conceal it from you—to mine too—that is for the production of food stuffs for the people.

We did not put much trust in Mr. Khrushchev's overtures of 15 years ago, and in large part because we did not, he lost the confidence of his colleagues in the Kremlin and ultimately lost power. Mr. Brezhnev, now at a peak of power and prestige, also has a great deal at stake in his opening to the West. If he fails in his détente policy because of excessive American demands relating to strategic arms and internal Soviet affairs, it is possible that Brezhnev, like Khrushchev, will be discredited at home and displaced by hard-nosed successors who will have little interest in trade, arms control or détente with the United States—or for that matter in freedom of thought or emigration for Soviet citizens. In that unhappy event our own cold warriors will no doubt trumpet the vindication of their prophecy. The irony that will escape them—as it does today—is that their prophecy, in large part, has been self-fulfilling.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point Mr. Roswell Garst's letter to me of May 30, 1974, along with Chairman Khrushchev's letter to Mr. Garst of December 31, 1959, and three letters addressed by Mr. Garst to the Soviet Embassy in Washington, one dated April 30, 1974, two dated May 30, 1974. The substance and the circumstances of this correspondence conveys a more credible message of the true interests of our two countries than volumes of diplomatic exchanges or emotional speeches.

I commend this correspondence to the attention of my colleagues.

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

GARST & THOMAS
HYBRID CORN CO.,
Coon Rapids, Iowa, May 30, 1974.

Hon. J. W. FULBRIGHT,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Because I feel sure you will be interested, I am enclosing a copy of a letter I received from Nikita Khrushchev dated the last of December, 1959. (We had sent him a book with many pictures taken when he had visited here in late September—and some movies of the crowds).

I always enjoyed him. He knew how to laugh. And yet he could be serious and sensible. In 1959—in January, Mikoyan—who was Minister of Foreign Trade at the time—had visited Cuba—and then had come to the U.S.A. I had met him at Khrushchev's vacation place in the fall of 1955 when I had met both Mr. & Mrs. Khrushchev, so I flew to Washington and had lunch with him.

He told me that Khrushchev had told him that he, Khrushchev, wanted both Mrs. Garst and me to come to the Soviet Union for a visit as soon as convenient. Mrs. Garst and I had planned a Mediterranean trip for the late winter so I accepted the invitation. We interrupted our trip at Beirut, Lebanon—flew to Moscow via Rome. Matskevich, Minister of Agriculture, flew us down to Sochi on the Black Sea where Khrushchev was vacationing.

Mrs. Garst had never met him. She went with reluctance because we had been caught in Budapest in the 1956 uprising. She had never met him—feared he would be difficult as he had been at the United Nations.

Matskevich and I went over to Khrushchev's home in the morning and spent from 9:30 till 12:30 talking about agriculture. Mrs. Garst came over at 12:30 for lunch and we talked all afternoon about the fact that the armaments burden was too great for both the U.S.S.R. and the U.S.A.

---

[4] Marilyn Berger, "Nitze Notes Lack of Trust by Top Aides," Washington Post, June 25, 1974, pp. A1, A5.

[5] Hedrick Smith, "Brezhnev Praises Nixon for 'Realistic' Approach," The New York Times, June 15, 1973.

I told him that for a person who was born a Russian peasant, it seemed to me he was a poor "horse trader". I pointed out we were spending about 10% of our gross national production for what we called "Defense", and that we had about twice as much industrial capacity as the Soviet Union. He had to spend 20% of his industrial capacity to stay even.

Furthermore, that we took our armaments out of luxuries! We had so many automobiles we did not know where to park them—so many electrical gadgets we were confused about how to keep them in repair—while his armaments came out of people's hides—out of things we considered absolute necessities. He should want a reduction of armaments even more than we.

He said we had the Soviet Union surrounded with air bases—in Turkey, in North Africa, in Formosa, in Korea—surrounded on all sides. And he asked what I thought of that.

He had asked the same question when I met him first in 1955. In 1955, I could not think of an answer but by 1959 I had thought of one I was willing to try out. It was as follows:

"It seems to me you should laugh at us—not worry!" He asked me to explain which I did about as follows:

"I know that the Soviet Union will not start a war. You have been in two wars in my lifetime. You have been devastated, terribly devastated, twice in my lifetime. You lost more lives in both World War I and World War II than all other participants."

You are now making very rapid progress. You are still far behind the U.S.A. You need roads—you need housing—you need many, many things. So, you are not about to start a war.

Nor is the U.S.A. going to start a war. The Soviet Union and the U.S.A. neither want a war. So, the American air bases are actually a useless expenditure of American funds. You should be amused at the ridiculous waste of American funds.

Mrs. Garst, who had gone with great reluctance, was very well-pleased with the whole conversation. He agreed that the armaments burden was far too great. He said he would like to greatly reduce it—and would like to use half of the savings for the less fortunate countries.

Both Mrs. Garst and I thought we had made a great contribution to world peace. When we were leaving, Mrs. Garst said about as follows: "You have been so cordial and courteous that I leave with one regret, which is that I regret that I cannot reciprocate by having you as a guest in our home as you have had us in your home!"

He bowed and said about as follows: "Mrs. Garst if I ever again visit the U.S.A., I will visit you in your home!"

We were there in March—by June President Eisenhower had invited him. He came—saw the whole U.S.A.—and in my opinion was ready to reduce armaments until the U-2 was shot down over Russia

I only saw him once after that. My nephew, John Crystal, and I visited the Soviet Union in 1963 and visited with Mr. and Mrs. Khrushchev and family at his "Datcha" outside of Moscow in late May of 1963.

I think you knew most of this history—but thought it worth repeating.

It seems to me that Secretary of State Kissinger is doing an excellent job in the Mid East—such a fine job that he will continue as Secretary of State under Ford if Nixon resigns, is impeached or whatever happens. He faced a very bad situation—handled it by hard work, good sense and patience.

As you will remember that last winter I pointed out the energy crisis ends up being a food crisis, primarily because there are three principal plant foods—nitrogen, phosphorus and potash.

We get phosphate and potash out of mines. Neither is inexhaustible but there are enough deposits for the time being. However, nitrogen is made from gas (either natural gas or gas made from oil or coal or lignite).

Natural gas in the U.S.A. is in short supply. In the Mid East it is flared—wasted—just burned to get rid of it.

We are short of nitrogen fertilizer in the U.S.A. by a minimum of three million tons. Everywhere in the world farmers could use more nitrogen fertilizer.

It seems to me there are three options.

First, the oil companies that import oil from the Mid East—and from other areas could make nitrogen fertilizers and pay a moderate price for the gas now being flared.

Second, we could sell soybeans, wheat and/or corn to the Soviet Union and buy nitrogen from the Soviet Union.

Or Third, we can make it from coal or lignite. Probably we should do all three things.

I pointed this out because Secretary of State Kissinger becomes a key figure in helping solve the food problem of the world. He simply has to be familiar with the fact that "energy" and "food" are almost synonymous—they go together like the words bread and butter.

From a practical point of view I have retired from business. My sons, Stephen and David, and their associates run the seed corn business and the farming business.

Because I was an early enthusiast about fertilizer and because I have long been a student of the race between world population growth and world food supplies, I think I might be helpful to Secretary Kissinger. I do not want to work for anyone—but I do want to be helpful.

When you get back to Washington—and Secretary Kissinger gets back—and both of you have had time to rest up from your campaigns—if you wish to do so—and only if you care to do so—I would be happy to come to Washington and visit with Secretary Kissinger.

I do enclose herewith a copy of a letter I wrote Ambassador Dobrynin in late April—and another I have written today which I believe are pertinent.

Our warm regards to you both,

Sincerely,

ROSWELL GARST.
ELIZABETH GARST.

UNOFFICIAL TRANSLATION

December 31, 1959.

Mr. ROSWELL GARST,
Coon Rapids, Iowa.

DEAR MR. GARST: Allow me first of all to thank you, Mrs. Garst and all your family for the warm New Year greetings and good wishes.

Thank you also for the album of photos and the movie depicting our meetings in Coon Rapids. It was a great pleasure for all of us to see this album and the movie. They will remind us of those pleasant hours which we spent together with you at your farm.

I was glad to hear again from you that my trip to the United States of America was successful and that it lessened the suspicions which has existed between our countries. I wish to express once again my profound conviction that a further development of contacts between our countries will bring about the growth of mutual understanding between them and then also relations of friendship and cooperation. In this respect we in Moscow just, as you, Mr. Garst, expect much from the forthcoming visit to the Soviet Union by President Eisenhower. He will be the welcome guest here.

I am glad to see your deep interest in the solution of the disarmament problem. Indeed it is insane to spend immense sums on instruments of warfare while, should relations among states be normal, these sums could be used for increasing standard of living of people and for rendering assistance to less developed countries in the furtherance of their economies and culture.

On our part we are doing our best at present and we shall make all efforts in the future to achieve the solution of this most important problem of contemporary times—to conclude an agreement on general and complete disarmament of all states under appropriate international inspection.

The bulk of the money saved as a result of the disarmament could be also used for the purpose which is so dear to your heart, and I shall not conceal it from you—to mine too—this is for the production of food stuffs for the people. And in this field, dear Mr. Garst our future cooperation with you could be as good as today and perhaps even better.

I am pleased by the fact that you attentively follow the program of agriculture in the Soviet Union and I express you my gratitude your wishes of our further successes. I think you already know that we are working hard in this direction; and in particular we have recently thoroughly discussed measures toward further development of agricultural production and have adopted a corresponding decision in Moscow.

I thank you once again, Mr. Garst, for your warm congratulations and wishes. Nina Petrovna, other members of my family and myself send you, your wife and all your family our best wishes of success in your lives, happiness and health in the coming 1960.

With sincere respect,

N. KHRUSHCHEV.

GARST & THOMAS
HYBRID CORN CO.,
Coon Rapids, Iowa, April 30, 1974.

His Excellency Mr. ANATOLIY F. DOBRYNIN,
Ambassador of Union of Soviet Socialist Republics, Washington, D.C.

DEAR MR. AMBASSADOR: In the summer of 1955 the first exchange of agricultural delegations between the Soviet Union and the United States took place. While the Soviet delegation was spending a week in Iowa, both Mr. Tulupnikov and Mr. Matskevich visited with Mrs. Garst and me—and our two sons here at Coon Rapids.

We were doing a number of things on the Garst farm that they had not seen before. For instance, the Soviet delegation had discovered that every Iowa farmer used hybrid seed corn, but they had not seen how hybrid seed corn was produced until they came to Coon Rapids. We had in 1955, as we do have now, the largest plant for the drying, shelling, sizing and sacking of hybrid seed corn.

Moreover, by 1955 we were using generous applications of balanced fertilizers—and we were using insecticides and herbicides.

Another thing we were doing was feeding cattle ground corn cobs for the bulk of their carbohydrate feed intake and we were supplying the protein for our cattle in the form of urea which we dissolved in molasses. (We have for 20 years dissolved 10% urea in 90% molasses and used the mixture as the protein supplement.)

Then, of course, we were using the most modern American farm machinery.

Mr. Matskevich immediately invited me to visit the Soviet Union and see Soviet agriculture. He said late September or early October would be a fine time.

There had been about 10 years of almost no communications between the end of World War II and 1955. Winston Churchill of Great Britain had accused Stalin of pulling down an "Iron Curtain!" Senator Joe McCarthy of Wisconsin had made speech after speech of a derogatory nature about all communist countries.

Passports from the U.S.A. had to be especially validated before Americans could enter any communist country.

So, I told Mr. Matskevich that I would let him know before he had finished his trip whether I would come.

I immediately went to Washington and to the U.S. Department of State. They already knew I had been invited. I told them that I knew modern agriculture well. I told the State Department that I did not want to go unless I could feel free to teach the Soviet Union everything I knew about how to produce "more and better food" with less labor!

Furthermore, I told the State Department that if I explained the virtues of hybrid seed corn, I wanted to be assured I could get an export license so they could buy some to compare with their own.

And that if I told them about the virtues of insecticides or herbicides or fertilizer or farm machinery, that I could get export licenses.

And finally, I told them that I wanted to visit Romania, Hungary and Czechoslovakia and show them how to produce more and better food with less labor on the same terms.

Secretary of State Dulles was, as usual, on the other side of the world, so they said I should wait till his return—that it would be taken up at the "highest level" and then I should come back. In a week or two Dulles did get back—I was invited to come back—and I was told that they thought I had wasted their time and that they believed no one could teach the communists anything nor sell them anything—but they thought that it was worthwhile to keep communications between our two countries going.

Never could anyone have had a finer trip than I had. Mr. Emelyanov was then agricultural attache in Washington. He accompanied me for the whole trip. We spent almost a week at the Soviet Department of Agriculture in Moscow, then to Kiev, Kharkov, Dniepropetrovsk, Krasnodar and Odessa. At Odessa I was informed that Chairman Khrushchev was vacationing near Yalta and would like to see and visit with me.

I was, of course, delighted Mrs. Khrushchev and one of their daughters were there. And Mr. Mikoyan, Minister of Foreign Trade, Mr. Matskevich, the Minister of Agriculture of Ukraine.

They wanted a full report on the hybridization of corn, on the fertilization, on mechanization. I recommended "broilers" (young chickens) as the most efficient way to turn course grains into meat, and told them every new method.

I offered 5,000 tons of early maturing hybrid seed corn which they ordered while I was there. They wanted to know about a seed corn plant. I invited them to send a delegation over to study our plant which was the most modern. I gave them the blueprint of our plant—and helped them order the machinery.

Roughly the same thing happened in Romania and Hungary but on a smaller scale. Each country bought some Pioneer brand hybrid seed corn and some seed production facilities—and some chicken equipment—and things of that type. The Northrup King Seed Co. of Minneapolis furnished part of the seed because only about the earliest 10% or 15% of the corn raised in the U.S.A. is early enough to mature in the Soviet Union or Northern Romania or Hungary or Czechoslovakia.

I gave many, many talks to your citizens. I always told them that I greatly admired the progress—because I knew their history. It was not until 1917 that the revolution took place. That was 38 years before 1955.

Under the Czars only about 10% of the population knew how to read and write. I estimated that it must have taken at least ten years to educate the school teachers and to build the school houses where all of the population could be educated. So they had not had 38 years of opportunity—not more than 28 years.

Then I would point out that it must have taken ten years to fight a war of survival and to repair the devastation that the war had brought. So, in fact, their nation had only 18 years of opportunity!

I compared Soviet agriculture with American agriculture. We were far, far ahead—not because we were more brilliant people but because of our greater opportunities. We had not had a war on our soil since the "Civil War" (from 1861 through 1865). We had enjoyed an excellent school system for a hundred years!

Our country had been largely settled with Europeans, Russians, Germans, Romanians, Hungarians, English, Swedes, Danes, Norwegians. After that kind of a preface, I could tell anyone that we were far ahead—not because we were more brilliant—but because we had a much better opportunity.

You may have known most of this background—but I wanted to be sure of that. And I wanted to be sure that you know that my association with the communist countries of Eastern Europe has been one of the rewarding experiences of my life. I have been able to be helpful to the people of Eastern Europe—and they have appreciated that help.

And now I find that the Soviet Union may be able to help me—and my country—and sell us something that you may want to sell us—*that is fertilizer!*

Geographically our nation is an area which has a longer growing season because we are further south. And we have a vast area we call "the cornbelt" which is perfectly beautiful for corn production—and soybean production, and we have a great area for wheat.

Your country is not so favorably situated as the U.S.A. for grain production.

However, the Soviet Union is endowed with very large mineral resources! You have very large reserves of both crude oil and natural gas.

Nitrogen fertilizers are the thing we need most in the U.S.A. It only takes three elements to make nitrogen fertilizers. Those three things are natural gas, air and water. We, in the U.S.A., have by far the world's largest reserves of coal, something like half of the world's coal reserves are in the U.S.A. We can make "natural gas" from coal—and in that way make nitrogen fertilizer. But, that will take some time.

We have in the U.S.A. ample phosphate—and potash is available in both the U.S.A. and Canada.

It seems to me that a fair trade can be worked out of the production of grain—largely wheat, corn and soybeans for shipment to the Soviet Union—and that in return—in the same boats—you might market an equivalent value of dry nitrogen fertilizers. The nitrogen fertilizer could be ammonium nitrate or urea. (Ammonium nitrate is 33% nitrogen—and the urea is 45% nitrogen. Either would be excellent.)

I send this letter to you, Ambassador Dobrynin, because I do not know which Department of the U.S.S.R. government should receive. It may be the Agricultural Department, or it may be the Foreign Trade Department, or it may be the "Food" Department.

You have not only my permission, but my encouragement as well to have this letter interpreted into your own language—and send it to the several departments who are most likely to be interested.

How much nitrogen fertilizer could the U.S.A. use? A great deal, I feel sure. The Garst family could use several thousand tons of either ammonium nitrate or urea.

Find out what prices would be required with delivery either at New Orleans or at one of the Great Lake ports such as Chicago or Milwaukee if you can.

And, I will appreciate your own reaction to this suggestion.

With warm personal regards, I am

Yours very sincerely,

ROSWELL GARST.

GARST & THOMAS
HYBRID CORN CO.,
Coon Rapids, Iowa, May 30, 1974.

His Excellency Mr. ANATOLIY F. DOBRYNIN,
Ambassador of Union of Soviet Socialist Republics, Washington, D.C.

DEAR MR. AMBASSADOR: This letter will cover several subjects.

First, due to previous commitments, I find it impossible to be in Washington June 3rd to say good-bye to Alexander A. Kosygin and to meet the new Agricultural Counselor Dr. I. A. Gavva.

I am writing them a separate letter and enclosing three copies with this letter—one copy for you and one copy for each of them. I do wish to call your attention to the fact that I believe Dr. Gavva should come out to Iowa in the rather near future.

Second, I want you to know that our Des Moines Register, Iowa's leading newspaper carried the story about the Export-Import Bank loan to the Soviet Union, I was, of course, delighted.

Third, it seems to me that the letter I wrote you April 30th is more meaningful since the announcement of the Export-Import Loan.

The Soviet Union will, of course, increase the number of acres under irrigation steadily—and will, in the foreseeable future, build up reserves of grain. And, I feel sure that the United States will gradually increase the amount of nitrogen fertilizer by using our vast reserves of coal and lignite.

It seems probable to me that it will take the Soviet Union five or six years as a minimum to get enough irrigation and as long for us to get enough nitrogen fertilizer.

During that period, it seems to me that it is important to have imports and exports between our two countries. For instance, I am willing to estimate that we will have more soybeans than we need in 1974–75 and that we can use nitrogen fertilizer more effectively than the Soviet Union because of our higher precipitation and greater irrigation.

As I wrote you April 30th, the Garst family can use several thousand tons of nitrogen fertilizer.

I urge you to take the matter up with your Department of Foreign Affairs. The Soviet Union—and the United States—want peace and commerce.

Both the Soviet Union and the United States need to reduce armaments! And, we both need to increase food production.

The world, at this moment, is over armed—and under fed!

It would give me great pride to sell to the Soviet Union corn or soybeans and buy from the Soviet Union some nitrogen fertilizer. Even though the amounts of the transactions are not very great at the start, it might well establish a pattern that could be expanded.

You have not answered my April 30th letter. I hope you have forwarded the idea on to Moscow. If not—I hope you forward these thoughts.

With warm personal regards, I am

Very sincerely yours,

ROSWELL GARST.

GARST & THOMAS,
HYBRID CORN CO.,
Coon Rapids, Iowa, May 30, 1974.

ALEKSANDR A. KONYGIN and Dr. I. A. GAVVA,
Embassy of the Union of Soviet Socialist Republics, Washington, D.C.

GENTLEMEN: I have just written Ambassador Dobrynin that Mrs. Garst and I will not be able to attend the reception to say

good-bye to you, Konygin—nor to welcome you, Gavva.

Our association with the Soviet Union dates back to 1955 when the exchange of the Soviet Agricultural Delegation and the United States Agricultural Delegation took place.

Mr. V. V. Matskevich visited the Garst farm—saw that we were producing hybrid seed corn, fertilizing not only our grain crops but our pastures as well—feeding ground corn cobs to our cattle, using urea as the protein for our cattle—and he (Mr. Matskevich) invited me to come to the Soviet Union, which I did in late September and October.

So our association has now been for almost 19 years and always most pleasant! I want you both to realize that it has been one of the most interesting experiences of my life.

I was born June 13, 1898. I started farming in 1917 when my older brother went off to World War I. So I saw and practiced agriculture when horses furnished the power. Two horses, a "team" of horses were used on all wagons and most farm implements.

It took 30 minutes of man time to raise and harvest a bushel of corn. It took a third of the population on farms to raise the food. And even in that time, American farmers were using the most advanced machinery and methods.

So I have lived in the period of the most rapid improvements in agriculture in the history of the world. Where it took 30 minutes of man time to raise and harvest a bushel of corn in the period of 1920 to 1930. It now takes 3 minutes or less.

In the 1920 to 1930 period, a hen layed about 60 eggs per year. We did not know how to balance her diet—we had poor genetics—now hens lay 220 to 240 eggs per year.

In short, in my lifetime agriculture has—like industry—progressed at a rate that has been almost unbelievably rapid. And, that has been necessary. Because when I was born World population was only about 1.5 billion people. World population will reach 4 billion in 1975.

Almost all of the improvements in agriculture have taken place in the United States and in the world since 1930.

The first major improvement was in genetics—the hybridization of corn. It was in 1930 that I produced in association with what is now known as "Pioneer Hi-Bred International, Inc." 300 bushels of hybrid seed corn here at Coon Rapids. Less than half of 1% of the corn planted in the U.S.A. in 1930 was planted with hybrid seed. By 1945 90% of the corn planted in the U.S.A. was planted with hybrid seed. By 1950, it was all planted with hybrid seed.

In 1940 almost no fertilizer was used except manure. By 1955 some fertilizer was being used. Now almost every acre is generously fertilized. It was not until 1950 that insecticides and herbicides were used.

In the 44 years since I started in the production of hybrid seed corn, I have made every effort to not only take full advantage of every new improvement in agriculture—but I have tried to be as helpful as possible to help every other farmer to take advantage of the same improvements.

And that has been true not only of American farmers—but all farmers everywhere.

To you, Konygin, I say not "good-bye"! I would rather say "best wishes—till we meet again"!

And to you, Dr. Gavva, I say, "Welcome to the U.S.A." and I add, "I hope you plan to come out to Coon Rapids for a visit this summer or fall. Probably August or September is the most useful time. I will meet you in Des Moines and show you every new method of agriculture that I have learned."

Please, Konygin, when you return to Moscow or any other location, send me your address so I can keep in touch with you.

Very sincerely yours,

ROSWELL GARST.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I am about to suggest the absence of a quorum, unless a Senator desires to make a statement at this point.

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. LONG. 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. BENTSEN. Mr. President, I urge the Senate to defeat the pending amendment. This amendment would repeal the percentage depletion allowance on all oil and gas production retroactive to the first of this year.

Mr. President, I support the removal of the percentage depletion allowance on oil and gas production outside of North America and have introduced legislation to accomplish this. But I believe that the retention of this allowance on production in North America is essential, if we are to meet more of our energy needs from domestic sources and if we are to prevent a further deterioration in competition within the oil and gas industry.

I know that when a Texas Senator takes the floor to argue in behalf of the percentage depletion allowance on oil and gas, his arguments are often dismissed as representing home State interests. But I believe in this instance the economic interest of my State and the economic interests of this Nation coincide.

There are those who argue that at today's higher oil prices the depletion allowance is no longer necessary. But I see no mention of the fact that those price increases came after oil prices remained relatively constant for well over a decade, while production costs rose more than 450 percent in some areas.

Nor is any mention made of the 40-percent rise in production costs over the last 6 months alone—increased costs which have already eaten away a great deal of the benefit the producer initially received from higher oil prices. A 5,000 foot west Texas well which cost $120,000 to drill in November cost $165,000 as of May. And considering what has happened to pipe prices since May, I am sure the cost is considerably above that figure now.

Even these dramatic cost increases do not reflect the whole picture. The new domestic reserves will not be found at the same depths and readily accessible areas where they have been found in the past. When you double the depth of a well—as must be done in many areas—costs do not just double. They frequently increase exponentially. We have found the easy reserves. From now on the wells must go deeper, be drilled in harder to reach places, and in most instances the reservoirs found will be smaller. It is ironic that the depletion allowance was established at a time when oil was far easier to find and when we had more than we needed. Whatever the justification for the depletion allowance in the 1920's, it is far greater today.

A statement by one major oil company that it can live without the depletion allowance has received a great deal of attention, as have the increased profits of the major companies on their foreign operations. When the representatives of the major companies testified before the Finance Committee, there was a bank of TV cameras and standing room only. But when the domestic independents, who are presently drilling about 90 percent of the new wells in this country, testified, there were two reporters at the press table and a tourist with an instamatic. Despite the very legitimate concerns for the independent gasoline marketers and refiners evidenced by this body over the last year, the essential third leg of the independent segment of the industry—the independent producer—seems to remain an invisible man. But, Mr. President, while the independent producers are not making the headlines, they are drilling the new domestic wells.

Mr. President, I ask unanimous consent that a chart be included in the RECORD at the conclusion of my remarks showing the percentage of the new wells in various producing areas which were drilled by independent producers during the first quarter of this year.

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

(See exhibit 1.)

Mr. BENTSEN. I would ask that my colleagues note that independents, who had no interest in refinery or marketing operations, were drilling 2,075 wells for new oil and gas reserves in this country compared to 303 wells by all of the major integrated companies. I believe these figures eloquently describe the importance of the independent domestic producer. While some of the major companies may be able to survive without depletion, many of these independents cannot.

Independents are drilling for and finding the new reserves. But to continue to do so they must be able to raise the capital necessary to sustain an exploratory drilling program where four out of five of the wells they drill are dry holes. How do they do it? Two ways—internal funds and outside investors. And the depletion allowance is important to both.

Their internal funds come from the operation of producing wells. Many of these wells are marginal wells and of little interest to major companies. The economics of these wells depend very heavily upon the price of oil and the depletion allowance. If depletion is eliminated many of these wells will no longer be economically feasible to produce and will have to be abandoned. This will be a tragic waste not only for independent producers, but for the Nation as a whole. Marginal domestic oil wells represent approximately one-sixth of our petroleum reserves in the lower 48 States. Prior to the recent price increases these wells were being abandoned by the thousands. Between 1967 and 1971 an average of 17,000 wells a year were aban-

doned because they were no longer economically feasible to operate. Higher prices have greatly improved the viability of these wells and many are being saved. But do away with domestic depletion and we will reverse that trend as well as reducing the funds available to independents to carry out the exploration programs necessary to find new reserves.

Removing the depletion allowance will not only reduce the availability of internal funds; it will dry up a great deal of outside financing as well. Many independents raise 80 percent of their exploration funds from outside investors. With a dry-hole rate of 4 to 1, the outside investments are simply not going to be made at anything like the present rate, unless favorable tax treatment is available when a well does come in.

If there is anyone in this body who doubts the importance of the percentage depletion allowance, he should examine what happened to oil and gas exploration after the 1969 tax revisions reduced the allowance from 27½ percent to the present 22 percent. The number of oil and gas discoveries in the United States between 1969 and 1971 was almost cut in half. I would not even venture a guess as to the impact of the complete elimination of the allowance. But I am confident in saying it would clearly be counterproductive in our drive toward greater energy self-sufficiency. Oil and natural gas presently supply 75 percent of our energy needs. Despite the push for alternate fuels, this percentage is not expected to change appreciably over the next decade.

According to the National Academy of Engineering, for oil and gas to play its role in the achieving sufficiency by 1985, capital investments of between $160 and $200 billion must be made. The repeal of the depletion allowance is not the way to bring forth that investment. It is also not the way to maintain competition in the petroleum industry.

The viability of the independent marketing and refining industry depends upon the crude oil of independent producers. Yet if percentage depletion is eliminated there will be a great economic incentive for independent producers to sell their best leases to major companies. Most of these leases were acquired by independents when they were wildcat country. The independent took the risks, drilled the wells and increased the value of these leases. Their cost basis on these particular leases, which later proved productive, are often low relative to their present value. If the percentage depletion allowance is removed, we would be providing a powerful incentive for them to sell these leases to major companies at the appreciated value. The major company could take cost depletion on the higher base. These are real economic facts which must be considered.

When all of these factors are considered, I am afraid that the end of percentage depletion means the end of most independent producers. Some of my colleagues express concern about concentration in the petroleum industry. If this amendment passes they have not even begun to see concentration.

Clearly, on the basis of both national needs and public interest, the pending amendment should be defeated.

While the proponents of this amendment argue fairness and tax equity, no mention is made of the 43 other minerals which receive a 22-percent depletion or of the approximately 60 other minerals which receive some lesser level. There have been substantial increases in the price of coal and tremendous increases in the price of silver and gold. Where are the advocates of abolishing their allowances The tax concept of percentage depletion is simply a recognition that any mining operation is using up an irreplaceable resource which is not replenished. It is a sound tax concept as applied to petroleum just as it is a sound concept for the 100-odd other minerals which receive it.

Mr. President, on the basis of either public policy or tax equity the depletion allowance on oil and gas in North America should be retained. While repeal may be politically popular in the present climate, when the long-run effects of greater foreign dependence and energy shortages are experienced, I doubt if it will even prove to have been a politically wise position.

Mr. President, I urge the defeat of the pending amendment.

EXHIBIT 1

DATA COMPILED FROM PETROLEUM INFORMATION REPORTS—WILDCAT WELLS AS OF APR. 1, 1974

Area	Independents						Majors					
	First reports		Completions		Drilling wells		First reports		Completions		Drilling wells	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
North Texas	7	100	4	100	72	100	0		0		0	
East Texas	3	60	1	100	108	87	2	40	0		16	13
West Central and border counties	29	100	21	100	200	100	0		0		0	
South Texas No. 1 and 2	11	100	11	100	302	96	0		0		13	4
Texas Gulf Coast No. 3	2	67	2	67	280	86	1	33	1	33	15	14
South Texas No. 4	5	100	2	100	195	88	0		0		27	12
Texas Panhandle	2	100	1	100	68	94	0		0		4	6
West Texas	14	70	3	75	109	75	6	30	1	25	36	25
New Mexico	8	89	4	100	90	83	1	11	0		18	17
South Louisiana	5	63	1	14	154	64	3	37	6	86	85	36
Oklahoma	7	100	10	100	169	93	0		0		12	7
Colorado	2	100	4	100	91	83	0		0		18	17
North Dakota	2	100	0		10	91	0		0		1	9
Nebraska	2	100	1	100	18	100	0		0		0	
Montana	3	100	14	100	51	91	0		0		5	9
Wyoming	8	73	11	100	130	90	3	27	0		14	10
Arizona and Idaho	0		0		2	67	0		0		1	33
Utah	0		0		26	76	0		0		8	24
Total, Texas	73	89	45	96	1,334	90	9	11	2	4	141	10
Total, all	110	87	90	92	2,075	87	16	13	8	8	303	13

RECESS UNTIL 3 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until 3 p.m., with the proviso that the distinguished Senator from Louisiana (Mr. LONG) at that time will regain the floor.

There being no objection, at 2:19 p.m., the Senate took a recess until 3 p.m.; whereupon, the Senate reassembled when called to order by the pending officer (Mr. BARTLETT).

The PRESIDING OFFICER (Mr. BARTLETT). The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, during the recess, it has been my opportunity to confer with a number of Senators, including the majority leader, and Senators KENNEDY, MONDALE, HUMPHREY, HASKELL, and a number of others. I believe that the Senate has, by its vote, pretty well indicated what the Senate would like to do with regard to the bill. In other words, it is my judgment that the Senate is not disposed to add nongermane amendments to the debt ceiling bill. That does not mean that the Senate cannot do so. I would be one of the first to insist that Senators should have the right to offer nongermane amendments to any bill, including the debt limit bill. But it is fairly clear that at this time the majority of the Senate is not willing to vote to add tax reduction amendments or tax reform amendments to the bill.

The fact that an amendment that had many meritorious features, some of

which in their own right would command a majority vote, was denied cloture by a margin of 48 to 50 when it needed a two-thirds margin in favor of cloture, is a clear indication that, at this point, the Senate is not willing to amend the debt ceiling bill with tax reduction or tax increase amendments.

That does not mean we should not have a tax reduction bill. It means that it should be a measure that should sail under its own flag rather than one which is a rider to a debt limit bill.

There is a lot of merit to the suggestion which has been made. I wish I could have been a cosponsor of certain parts of the amendment on which the Senate voted to deny cloture because I would like to have voted for the tax cut proposal offered by the Senators from Minnesota and Massachusetts.

Unfortunately, the Senator from Louisiana could not support a large tax increase on domestic oil producers, particularly that part which affected the independent producers.

But we will have a chance, in due course, to vote on all these amendments and to formulate what I would hope to be carefully considered tax reform suggestions—the various proposals that would appeal to the Senate Finance Committee as well as to the Senate itself—and also tax reduction proposals that Senators might make on a bill that could be described as a tax reform bill.

That bill, of course, would have to find its way to the White House, hoping that we could obtain agreement with the House, which I believe we could, if it passes the Senate, and then we hope that the President would sign it. There is no assurance on that. It is entirely possible he might veto the measure.

But I am convinced from where we stand now that the Senate will be spinning its wheels and nothing will be accomplished by prolonging this debate, because the Senate is not willing to add tax cut or tax reform amendments to the bill.

Therefore, Mr. President, I will move in a moment that we recommit the pending bill and that it be reported back by the Senate Committee on Finance forthwith without amendments.

When I make the motion, the effect of it, if the Senate agrees, will mean that the Senate wants to pass the bill without amendments. This does not preclude Senators from offering amendments. They have that privilege, but if they offer such amendments, they do so in the full knowledge that the Senate has already told them it does not want to add amendments but wants to pass the bill exactly the way the bill is reported by the committee. The motion to recommit and report back forthwith has that meaning.

It does not bind any Senator. But the history and the tradition of that motion has been that when it is agreed to by the Senate, the Senate wishes to have the bill reported back consistent with its instructions.

So, Mr. President, I move that the bill be recommitted to the Senate Finance Committee with instructions to report back forthwith without amendments.

Mr. HUMPHREY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. HUMPHREY. First, I want to express my thanks to the distinguished Senator from Louisiana for a concise and accurate interpretation of the description of our discussion and of the position that he takes with reference to the opportunity that will be afforded us to work our will on what we call tax reform.

As we know, we all have different points of view as to what we mean by tax reform. As I understand it, the Senator from Louisiana, as the chairman of the Finance Committee, recognizing that although he is the chairman and one member of the committee, will do all that he can within his power and persuasion to report a tax reform bill that may come from the House of Representatives, after the Senate Finance Committee has had the opportunity to work its will on that bill.

We also understand that at that time we will be able to offer once again any amendment that we feel is relevant to the tax structure. Some of those amendments that are here, for example, and on our desks, could very well be included in the committee report on the bill. Obviously, some of them may not be. But, as I understand it, the Senator is saying to us that he will do his best to see to it that Congress has the opportunity, if the House of Representatives gives us a bill on the tax schedule, to see that a bill is reported from the Finance Committee and that, on that occasion, those of us involved in this debate on tax matters will again have the opportunity to offer their amendments and to debate them.

It is my hope that we will not be faced with what we call extended debate or a filibuster because the subject matter will be pertinent and germane. I know that certain Senators have been opposed to us on our tax amendments to the debt ceiling bill because they did not believe that the debt ceiling bill should be loaded down with tax reform or tax amendments. I appreciate that point of view. I did not agree with it. But there are those who feel that very sincerely and, therefore, I am fully prepared to cooperate with the motion made by the Senator from Louisiana.

I have to tell him, as I have told the Senate before, that I deeply regret we were not able to muster the necessary votes in this particular endeavor of the past week or so. I fully realize that we might have to face a Presidential veto. I do not think that is certain, but we might have to.

I know that we have to have a debt ceiling bill before the end of the fiscal year. Therefore, with the assurances that the Senator has given me, and in the knowledge that those of us who have been involved as cosponsors of these amendments—by the way, the Senator mentioned most of us, but also Senator NELSON was present, as was Senator HART.

Mr. LONG. And Senator ROBERT C. BYRD.

Mr. HUMPHREY. The Senator mentioned Senator HASKELL and, of course, the Senator from West Virginia (Mr. ROBERT C. BYRD), the majority whip, with the majority leader.

Mr. President, it seems to me that we ought to proceed along the course which the Senator from Louisiana has given us. I am not happy about it, but during my years of service in the Senate, I have become accustomed, on occasion, to not having my way. In fact, that has occurred many, many times. As I said earlier today, we shall return to fight another day.

I am not discouraged by the results of this debate. It has been my judgment and my feeling that it was necessary for us to have a discussion and debate upon the subject matter of tax changes and tax reform.

As the Senator from Louisiana has indicated, he felt that there ought to be modest tax reduction. He also supported—and indicated that support here today—some reform of the tax structure on overseas oil. So we have in the Senator from Louisiana, in many areas, a strong ally.

Mr. President, we have honest disagreements over what we call the depletion allowance on domestic oil. So I believe that the debate was worthwhile.

But I am a realist. The first thing that a Senator needs to know is how to count. That helps. I have always been able to count up to 100. I also know that the majority of 100 requires at least 51, and if there are a few less than 100 around here, you still have to get 1 plus half.

Obviously, we do not have those votes. This is not the first time this has happened to me.

My good friend, the Senator from Louisiana, has known me a long time, and I am sure he realizes that this may be a necessary tactical maneuver at the moment. But we shall be back on the field of battle at a later date. At that time, I will be comforted to know that in the chairman of the Finance Committee on most issues we will have a strong ally, because I feel the exhilaration of victory already, just by the thought of it.

Mr. President, I am going to thank the Senator now, and let him know that we will proceed to work with him on the proposition that he has laid it before the Senate.

Mr. LONG. Mr. President, I thank the Senator from Minnesota. I appreciate his statement. I hope very much that we will be able to agree on most of what is in the so-called tax reform bill when it is reported to the Senate, even if we are not in agreement on every detail. I hope it will be a bill we will both vote for on final passage.

Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to share the sentiments expressed by the distinguished Senator from Minnesota about the sense of disappointment because the Senate was refused the opportunity to consider the merits of the various provisions of our tax reform and tax relief proposal.

As I have said during the last few days, we were hopeful that our amendment would serve as a basis for a considered debate and judgment by the Senate on

these important issues of tax reform. We hoped that the Senate would be able to exercise its will on a variety of reforms which we felt had already been considered and discussed and debated at various times in the Finance Committee and extensively on the floor of the Senate.

But we were unable to do so because of the use of various parliamentary devices after the start of the debate, which prevented us from having the direct confrontation on the issues that we in good faith wanted and which the American people wanted.

I am hopeful that the procedure which has been outlined by the chairman of the Committee on Finance will give us an early opportunity to do so. Last April, the chairman of the Finance Committee indicated that he would report from the Finance Committee a vehicle on which debate and discussion of tax relief could take place. He met that commitment by reporting the Vessel Repair Tariff Act. But then, when consideration of that measure was then delayed, he was requested to expedite the Debt Ceiling Act, in order to permit the discussion of tax reform and tax relief to take place on that measure. And he proceeded to do so, even though many of us recall other years when debt ceiling legislation came to the floor only a few hours prior to the expiration date. He maintained his good faith with the Senate and exercised his effective leadership in the Finance Committee, to assure us that we would have ample opportunity for discussion on this measure.

So I believe his assurance that we will have an early vehicle for further action He gives some hope to us in the Senate who have every intention of continuing this debate and dialog until we succeed in getting tax reform. As the Senator mentioned in his statement, there may well be such an opportunity on a trade bill or on a health insurance bill, although those bills are obviously not the most acceptable vehicles for tax reform.

I am aware that two House bills are in the wings. The Oil and Gas Energy Tax Act has already been reported from the Ways and Means Committee, and is now awaiting debate in the House of Representatives. I also understand that there is a real opportunity for a comprehensive tax reform bill to be reported by the Ways and Means Committee.

As one who has supported tax reform for a considerable period of time and who has used various vehicles to permit the Senate to vote on various tax measures, I hope that we shall have an opportunity, as the chairman of the Finance Committee has assured us, to consider our own tax reform proposals on either of these two vehicles. I trust, therefore, that any important tax measures that come from the House will be reported to the Senate by the Finance Committee at the earliest possible time. He has given us his assurance that he will make every effort to do so.

The Senator from Louisiana is quite aware that we could intercept these measures from the House at the desk, and begin an early debate on them.

But the assurances he has given us and with his judgment as to the prospects for active consideration of tax reform, I think the orderly way to proceed is to follow the procedures he has outlined here today.

Also, of course, there is still the vessel repair tariff bill on the calendar, and I gather that other possible vehicles are available in the committee. So I am confident that one way or another, tax reform will be back before the Senate before Congress adjourns this fall.

Finally, Mr. President, I want to point out that this has been an important discussion and debate during the period of the last few days. I think there are a number of lessons we have learned.

I feel—and I hope I am right—that the American people are building up a head of steam on tax reform. I hope that by the time we have our next discussion and debate in the not too distant future, they will have communicated their sense of outrage to us about the Internal Revenue Code and that they will demand that their representatives in Congress give stronger support to meaningful tax reform.

I believe that this debate has awakened the American people again to this issue. I do not believe they ever really went to sleep on it, but perhaps some Members of the Senate did. I am hopeful that they too will be awakened as to the importance of it and that they will be awakened by the American people.

Second, I think the debate has awakened Members of the Senate as to how majority rule can be disrupted by parliamentary tactics and devices.

At the beginning of Congress in the past, some of us in the Senate have attempted to change rule XXII. In recent days, we have seen a vivid demonstration of how a small group of Members of the Senate can effectively violate the basic concept of constitutional democracy and represenative government, the concept of majority rule. Instead of majority rule, we have had rule by filibuster, legislation by two-thirds vote.

And so I am hopeful that we will address ourselves to our Senate rules at the beginning of the next Congress. I certainly intend to support a movement and to work with other Senators in easing rule XXII.

For too long, we have allowed the use of parliamentary devices which are within the rules of the Senate and which were expertly utilized over the past few days to prohibit the Senate from considering the issue of tax reform on the basis of its merits. I think we have learned this particular lesson.

I think we have also learned the lesson of the importance of campaign financing reform again. We have seen the power of various special interest groups, how they are able to force their will upon the Senate.

This was an important tax reform proposal, and it would have affected many of the most powerful special interest groups in this country. They understood that. They marshaled their forces, and they were able to turn back meaningful reform. The action reinforces my own view about the need for campaign financing reform, and I hope it gives new momentum to the effort.

Finally, I wish to express my appreciation to the Senate leadership for its role during the course of this debate. Difficult parliamentary maneuvers were necessary. In its concern to see a fair debate for those who have supported tax reform, the leadership provided a major helping hand. In every instance where they could, they were responsive to our requests, permitting us to get to some consideration for our amendments. I think the Senate leadership has been outstanding in this debate. Both the majority leader and the assistant majority leader were willing to assist us in these matters, to go the extra mile. For that, all of us are grateful.

I also commend the extraordinary efforts of all Senators who participated in this tax reform effort, particularly Senators HUMPHREY, MONDALE, BAYH, CLARK, MUSKIE, NELSON, MAGNUSON, HUDDLESTON, RIBICOFF, and HASKELL, all of whom have played a leading role in working for tax reform. They have been leaders in this battle during the past 10 days, and I look forward to the next battle in the future.

Mr. LONG. Mr. President, in these legislative fights that happen from day to day any victory achieved by a Senator or a group of Senators is transitory. Every new bill and every new issue is a completely new proposal, and, in effect, from an intellectual point of view, Senators choose sides all over again every time another bill or issue comes before the Senate.

We will have the opportunity to vote on the tax reforms suggested here. In due course we will find that the debates will bring Senators together. Senators will find that in some respects they are in error, and in some respects Senators on the other side will find that they are in error as they discuss these matters and confront one another with facts. Senators do arrive at agreements on the facts, and they tend to move closer together on the issues.

So, in the long run, I have no doubt the Senate will agree on what it believes to be a proper change in the tax system. We are not in a position to do it at this moment, but I have no doubt we will make progress in this area.

However, I do not think the day will ever come when we solve all of these problems. If we ever arrive at that day, the people will not need us any longer, and then, at least, we could save the Government the expense of debating these issues in Congress. But we know that will never happen. This democracy is like a raft; while we may get our feet wet, it will never sink. But it will always have need for improvement.

Mr. President, I yield to the Senator from Colorado.

Mr. HASKELL, Mr. President, I thank the distinguished Senator from Louisiana, the chairman of the Committee on Finance. I would like to join with the junior Senator from Minnesota (Mr. HUMPHREY) and the senior Senator from Massachusetts (Mr. KENNEDY) in thanking the chairman of the Committee on Finance for his assurance that a tax bill

which might be a vehicle for tax reform and much-needed tax relief will soon be reported.

As the distinguished Senator from Louisiana is well aware, there are many items in our Internal Revenue Code which, in effect, subsidize one or another industry. Indeed, the concept of economic subsidization, of providing various business incentives is proliferated throughout the code.

In the last several weeks we have had discussions on the floor of the Senate on one of these subsidies, the percentage depletion allowance. I have indicated my support of those who urge a revision in our tax treatment of the oil industry. However, in my amendment, the substitute for the amendment of the Senator from Minnesota (Mr. HUMPHREY), I included a sharp limitation on the use of the investment credit. I did so in an effort to offer the Senate an opportunity to vote on a zero-revenue-loss tax reform-tax relief proposal by deferring until a later date the debate on the percentage depletion repeal. It is my view, and I would hope it might be shared by other Members of the Senate, that as a general rule the most inefficient and unfair way of inducing economic behavior is through the Internal Revenue Code. I recognize that there are exceptions to this rule, but it should be clear that, whenever we reward activity that would have taken place without the tax incentive, we waste the taxpayers' money and we cause everyone else to pick up the burden of those who go untaxed.

First and foremost, the Internal Revenue System should be a revenue raising system. It should treat everyone alike. Those industries that need Government subsidies should come to the Congress, make their case, and, if they successfully do so, I am sure the Congress would give them the assistance they need.

By minimizing the instances in which the tax system is used as an incentive device we would, I think, restore the faith of the people in that system, eliminate unnecessary and inefficient subsidies, and restore to the tax systems the fundamental concept of equity. We would require the Congress to take affirmative steps to spend the taxpayers' money, unlike at present when we must fight to turn the tax subsidy tap off.

Most importantly, if we subsidize business through the tax laws, if we in that way give some folks a break other folks have to pay some extra money in taxes. It is this improper allocation of the tax burden that I believe, is as much responsible for the erosion of popular confidence in our Government as is what we call Watergate.

I hope the distinguished chairman of the Committee on Finance, the members of his committee, and the Senate as a whole will give serious thought as to whether the tax laws are really the wisest way to induce economic activity, or whether this practice really results in special interests getting special breaks while the people pay more than they should in taxes.

Again, I wish to thank the distinguished chairman of the Committee on Finance, the leadership, and the other Senators that I mentioned because I think the understanding we have reached is a good solution to a very difficult situation.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays on the pending motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GRIFFIN. Mr. President, I support the motion of the distinguished chairman of the Committee on Finance. I am pleased he has offered the motion, and it should have the support of an overwhelming majority of the Senate.

I realize there are Senators on this side of the aisle who have amendments. Some of them are very determined to offer their amendments. I shall do what I can to persuade Senators on this side not to offer their amendments if the motion carries.

I am sorry that the distinguished Senator from Massachusetts has left the Chamber. However, I cannot allow to go unchallenged his suggestion that those who have opposed his position with respect to tax amendments have done so because they subject to control by special interest groups. I suggest that it is altogether possible that at least some of us who opposed him did so because we thought it was responsible and the right thing to do in the national interest.

There are many economic experts who would share the views that a tax cut now would add to inflationary pressures at a time when inflation is the most serious domestic problem facing the United States—inflation, which has reached an alarming two-digit rate.

Even the package which had the greatest amount of so-called reform in it, the so-called Kennedy amendment, offered for him by the distinguished majority leader, did not recoup enough revenue to offset the tax loss that would have been involved. As I understand it, there would have been a $2 billion revenue loss under the Kennedy package that included the greatest amount of reform.

It is altogether possible, although I do not point an accusing finger at anyone in particular, that this whole exercise had some political motives attached to it. To the extent that political objectives were the purpose, I suppose that they have been achieved.

A few minutes ago I talked with my wife, who is up in Michigan, and she said that last night's paper carried a UPI story which was headlined "Griffin Against Tax Reform."

So, if political objectives were involved, perhaps they have been achieved so we can now go on to get the debt ceiling legislation passed.

I know—we all know—that it is often difficult to explain responsible votes to our constituents. It will be difficult to explain to those who know taxes are too high why I would vote against a tax. They may not realize or understand that a tax cut amendment added to a debt ceiling bill would never clear the House of Representatives. If the amendment were to be accepted by the House of Representatives, it would be conceding that revenue measures can originate in the Senate rather than the House as the Constitution requires. Not only would such a tax measure not clear the House of Representatives; but if it were to become law it would be subject to a constitutional challenge in the courts.

But, in any event, it would not become law because the President has made it clear that he would veto such a measure at this time. There is no real question but that the President's veto would be sustained.

Accordingly, we have known here in the Senate, from the very beginning that debate of this tax measure was just an exercise. I am glad that, apparently, the exercise is about over so we can proceed to the real business before us: the bill to extend the debt ceiling—an action which must be taken before June 30 if the Government is to conduct its business and not collapse financially.

I regret that it became necessary to make this statement but I believe some perspective and balance should be reflected in the record.

Mr. HASKELL. Mr. President, will the Senator yield for a comment?

Mr. LONG. I yield.

Mr. HASKELL. Mr. President, I would like to point out to the distinguished minority whip, just for the factual record, that the amendment which is now before us—the amendment introduced by the Senator from Florida (Mr. CHILES), the Senator from Ohio (Mr. METZENBAUM) and myself—not only balanced the revenue losses with revenue-raising tax reform proposals but it took in more. Our amendment would result in a net Treasury gain of about $88 million. I suppose from the standpoint of the Federal budget that is not an enormous sum, but the amendment would take in more revenue than it would lose by providing desperately needed financial relief to 90 percent of the American taxpaying public.

We sought to impose higher, fairer taxes on many special interests and to rebate to the broad spectrum of the American people some of the too-high taxes they have been paying recently.

Finally, I think the record should be straight that this "exercise," as the distinguished Senator from Michigan (Mr. GRIFFIN) calls it, was much more than just an exercise not only for the distinguished Senator from Florida and myself but also for the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Massachusetts (Mr. KENNEDY), both of whom I think are deeply committed to tax equity and completely serious about the need for comprehensive tax reform.

I thank the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, I believe that the Senate has had a very useful debate.

We have had the opportunity to explore a number of tax reform suggestions and a number of worthy tax cut pro-

posals. The debate has provoked hearings which have helped enlighten the entire Nation on this subject.

I do not think the time spent in this debate will be wasted, but I do think it is very important that we pass this bill now—at least within the next 48 hours. Mr. President, if this Nation were prevented, in effect, by the laws of Congress from paying its just debts to its own citizens and to some nations abroad, this Nation would be put in an indefensible position before the entire world.

How would it look for this, the richest Nation on the face of the earth, to refuse to pay its honest debts because an act of Congress says it can pay no more? Here we are, the richest nation on the face of the earth, and we would, in effect, declare ourselves bankrupt and unable to pay our bills and our debts.

Everybody knows our credit is good; it is just that we insist on coming up to the point of saying we are broke and cannot pay our bills and will not honor our debt obligations.

How would it look to our own Government employees, the man that gets out and carries the mail in the hot sun, or any Government worker, a private in the Army or a white collar worker daily reporting on time to do his duty in any Government office, when he cannot be paid because the Congress, in effect, has passed an act to say that we are officially bankrupt and we refuse to pay our honest obligations? That would be ridiculous and it would make us look foolish and silly before the world.

We have had some very fine men participating in the debate on the bill, one of whom I had the privilege of voting for to be the President of the United States and some of whom I will probably have the opportunity to vote for to be President of the United States in the future.

None of those men, whether they be candidates for the highest office in the land or candidates for the Senate, would want this Nation to appear to be ridiculous and irresponsible before the whole world, friends and enemies alike.

I think, Mr. President, that the responsible thing for us to do now is to agree to this motion.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. Mr. President, I commend the distinguished Senator from Louisiana, the chairman of the Finance Committee, for the motion that he has made, that the pending bill (H.R. 14832) be recommitted to the Finance Committee with instructions forthwith to return the bill to the Senate shorn of the pending amendment. That then would bring back a clean, unamended bill, just exactly as it came to us from the House of Representatives.

Mr. President, that is what the Senator from Alabama has been seeking for the last 8 or 10 days, and this conclusion would have been available to the Senate and to the proponents of this package at any time.

The Senator from Alabama is a strong supporter of tax reduction and tax reform, at the proper time and using the proper vehicle.

He does not believe that the time to reduce taxes is at a time when the inflation rate in this country is running somewhere around 13 percent, and he feels that a reduction at this time would only add to the fires of inflation and that it would not be in the public interest. The very people that the tax package of the Senator from Minnesota and the Senator from Massachusetts presented to the Senate would, in the judgment of the Senator from Alabama, actually cost the people that it sought to help more than it saved them.

So the tax package would not have been in the interest of the taxpayers. Further, the so-called tax reform and tax reduction offered mighty little tax reduction to the average citizen. The bill before us at the present time provides for increasing the personal exemption from $750 to $800.

One of the first pieces of legislation the Senator from Alabama ever introduced in the Senate was in the year he came to the Senate when the Tax Reform Act of 1969 was under discussion in the Senate. He introduced an amendment setting the personal exemption at $1,200. At that time it was $600. The $1,200 amendment did not pass, but the Gore amendment did pass, which raised the exemption from the $600 by degrees up to the $750.

There is just a little arithmetic on really the wisdom of this tax package, this so-called tax reduction. With the $800 personal exemption, a person in the 70-percent tax bracket would have a saving of 70 percent of that amount for each of his exemptions, which would be $560; whereas the person in the 25-percent tax bracket would have received a tax reduction per exemption of only $200. It would favor or continue to favor the person of large means and large income. So it does not seem actually that this is a great measure for the taxpayer.

The Senator from Alabama has felt all along that this 12-line bill having to do with the debt ceiling and extending the authorization for a temporary debt from the last day of this month or the 1st of July on through March 31 and raising it by $95 billion, that should not be amended here on the Senate floor with these pending amendments, about a pound and a half of amendments, and that is what would have happened if the floodgates had been opened to the consideration of all of these amendments.

It is in the public interest that the debt ceiling bill pass as it came to us from the House. The House passed this bill by only a one-vote margin, and if we had to send it back to the House there is no doubt about what they would do with it.

So, Mr. President, the Senator from Alabama would certainly want to give careful and sympathetic attention to any tax reform measure when it had the benefit of the recommendations of the Committee on Ways and Means in the House, the recommendations of the Committee on Finance in the Senate, and to present a package that was well-balanced both as to tax reduction and as to replacement of those taxes.

But the distinguished Senators who sponsored this tax package—by the way, the distinguished Senator from Massachusetts (Mr. KENNEDY) spoke about a minority of the Senate, in effect, thwarting the will of the majority.

Well, the Senator from Alabama recalls the vote up and down on the Kennedy package was 33 votes for it and 64 against it. So it does not look like any majority was being thwarted there.

On the cloture motion earlier today those advocating cloture, with the immediate vote or certain vote on the amended tax package, could garner only 48 votes against 50 for it

Mr. President, I believe that this bill should pass without amendments, and that is the effect of the motion of the distinguished Senator from Louisiana, and I certainly support that motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Louisiana to recommit H.R. 14832.

The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr COOK) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The result was announced—yeas 90, nays 7, as follows:

[No. 281 Leg.]

YEAS—90

Abourezk	Fulbright	Mondale
Aiken	Goldwater	Montoya
Allen	Gravel	Moss
Baker	Griffin	Muskie
Bartlett	Gurney	Nelson
Bayh	Hansen	Nunn
Beall	Hart	Pastore
Bellmon	Hartke	Pearson
Bennett	Haskell	Pell
Bentsen	Hatfield	Percy
Bible	Hathaway	Proxmire
Brock	Helms	Randolph
Brooke	Hollings	Roth
Buckley	Hruska	Scott, Hugh
Burdick	Huddleston	Scott, William L.
Byrd, Harry F., Jr.	Hughes	Sparkman
Byrd, Robert C.	Humphrey	Stafford
Cannon	Inouye	Stennis
Chiles	Jackson	Stevens
Clark	Javits	Stevenson
Cotton	Johnston	Symington
Cranston	Kennedy	Taft
Curtis	Long	Talmadge
Dole	Mansfield	Thurmond
Domenici	McClellan	Tower
Dominick	McClure	Tunney
Eagleton	McGee	Weicker
Eastland	McGovern	Williams
Fannin	McIntyre	Young
Fong	Metcalf	
	Metzenbaum	

NAYS—7

Biden	Magnuson	Schweiker
Case	Packwood	
Ervin	Ribicoff	

NOT VOTING—3

Church	Cook	Mathias

So the motion to recommit the bill (H.R. 14832) was agreed to.

Mr. LONG. Mr. President, I now report back, without amendment, H.R. 14832 as instructed by the Senate.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendments to be proposed, the question is on third reading of the bill.

The bill (H.R. 14832) was read the third time.

Mr. ALLEN. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on final passage of the bill, H.R. 14832.

On this question 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 Idaho (Mr. CHURCH), and the Senator from Iowa (Mr. CLARK) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK) would vote "nay."

The result was announced—yeas 58, nays 38, as follows:

[No. 282 Leg.]

YEAS—58

Abourezk	Griffin	Muskie
Aiken	Hart	Nelson
Baker	Haskell	Packwood
Beall	Hathaway	Pastore
Bennett	Hruska	Pearson
Bentsen	Huddleston	Percy
Bible	Humphrey	Scott, Hugh
Brooke	Inouye	Sparkman
Buckley	Javits	Stafford
Burdick	Johnston	Stennis
Cannon	Kennedy	Stevens
Case	Long	Stevenson
Cranston	Magnuson	Taft
Curtis	McClellan	Tower
Domenici	McGee	Tunney
Eagleton	McGovern	Weicker
Eastland	McIntyre	Williams
Fong	Metcalf	Young
Fulbright	Mondale	
Gravel	Moss	

NAYS—38

Allen	Fannin	Nunn
Bartlett	Goldwater	Pell
Bayh	Gurney	Proxmire
Bellmon	Hansen	Randolph
Biden	Hartke	Ribicoff
Brock	Hatfield	Roth
Byrd,	Helms	Schweiker
Harry F., Jr.	Hollings	Scott,
Byrd, Robert C.	Hughes	William L.
Chiles	Jackson	Symington
Cotton	Mansfield	Talmadge
Dole	McClure	Thurmond
Dominick	Metzenbaum	
Ervin	Montoya	

NOT VOTING—4

Church	Cook
Clark	Mathias

So the bill (H.R. 14832) was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House insists upon its amendment to the bill (S. 3007) to authorize appropriations for the Indian Claims Commission disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MEEDS, Mr. TAYLOR of North Carolina, Mr. STEPHENS, Mr. LUJAN, and Mr. REGULA were appointed to be the managers of the conference on the part of the House.

The message also announced that the House 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. 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.

The message further announced that the House 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. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes.

The message further announced that the House had agreed to the following concurrent resolutions:

S. Con. Res. 86. Concurrent resolution authorizing the printing of additional copies of the hearings and final report of the Senate Select Committee on Presidential Campaign Activities; and

S. Con. Res. 94. Concurrent resolution to issue official duplicates of conference papers.

PROGRAM

Mr. GRIFFIN. Mr. President, the Senate has just cleared a rather formidable hurdle on the path toward a scheduled recess. I think Senators on both sides of the aisle would be grateful for any information the majority leader might be able to give us about what other hurdles lie ahead in terms of adjournment.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, first, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 10 a.m. tomorrow.

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

(Later in the day, this order was modified to provide for the Senate to convene at 9:30 a.m. tomorrow.)

ORDER FOR RECOGNITION OF SENATOR KENNEDY TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Massachusetts (Mr. KENNEDY) be recognized for 15 minutes tomorrow.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a morning hour tomorrow for the conduct of morning business for not to exceed 15 minutes, with statements limited therein to 3 minutes.

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

ORDER OF BUSINESS ON MONDAY, JULY 8, 1974

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ROBERT C. BYRD. Mr. President, I believe the Senator intended to provide for the following order of business on Monday: Senator FONG, Senator KENNEDY, and Senator ALLEN for 15 minutes each, to be followed by the transaction of routine morning business for 15 minutes, with statements limited to 3 minutes.

Mr. MANSFIELD. Yes. Mr. President, I make that request.

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

PROGRAM

Mr. MANSFIELD. Mr. President, at the conclusion of morning business tomorrow it is my understanding that the conference report on H.R. 7724, biomedical research, will be taken up. There well may be rollcall votes on that proposal.

As far as the remainder of the day is concerned it does not look as if there will be much in the way of further business except conference reports and items which have been cleared on both sides.

I understand the distinguished Senator from Virginia (Mr. HARRY F. BYRD, Jr.) has a conference report having to do with a house for the Vice President, a matter which I think is long overdue.

But hopefully tomorrow, and I would not wish to be held to this completely, it might be possible to take up Calendar No. 824, S. 3511, a bill to increase the availability of urgently needed mortgage credit for the financing of housing and for other purposes, and Calendar No. 904, H.R. 11537, an act to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations and to authorize the implementation of such programs on certain lands. It is my understanding that the Senator from Georgia (Mr. TALMADGE) and the Senator from Michigan (Mr. HART), who had slight differences in regard to this legislation, have been able to reconcile them, but I understand the Senator from Nevada (Mr. BIBLE) may be interested and the Senator from New York (Mr. JAVITS) may also be interested.

Continuing, it might be possible also to take up Calendar No. 917, H.R. 8660, an act to amend title 5 of the United States Code relating to Government organization and employees to assist Federal employees in meeting their tax obligations under city ordinances. That measure might be disposed of tonight and if not tonight, tomorrow. Then, Calendar No. 929, S. 2619, a bill to provide for access to all duly licensed psychologists and optometrists without prior re-

ferral in the Federal employee health benefits programs, could be taken up.

There may be other matters which come up. It is hoped the Senate will be able to complete its business tomorrow and go out tomorrow instead of Friday. That depends on what happens to the continuing resolution and that, in turn, I find out after speaking with the Speaker of the House, depends on the passage of the appropriation legislation for HEW. There is some time element involved there that I do not fully understand.

That is about it. Conference reports will be given priority at all times. Any matters on which the two sides agree will be taken up. This is about the best that I can think of at the moment.

Mr. GRIFFIN. I thank the Senator.

CONFERENCE REPORT ON VETERANS EDUCATION BILL

Mr. HARTKE. Mr. President, I would like to report to the Senate that the conference on the GI education bill is currently underway. It was decided that we would pass a bill, S. 3705, which provides a 2-year extension of the delimiting date for veterans educational benefits. This has been unanimously approved by the Committee on Veterans' Affairs. It will be sent to the House where the House Veterans' Committee is willing to accept it. The measure has been cleared on both sides of the aisle. I wish to call that to the attention of the Senate.

Mr. MANSFIELD. I appreciate that.

TAX INEQUITIES AFFECTING THE PUBLISHING INDUSTRY

Mr. STEVENSON. Mr. President, the Senator from New York (Mr. JAVITS) and I had introduced an amendment to the debt limit bill—amendment No. 1478—which we did not bring up, because it was apparent that the Senate was not prepared to accept amendments. We have introduced this legislation in the form of a bill, S. 3676, which we intend to press. The bill has been referred to the Committee on Finance.

The bill provides that taxpayers engaged in the publishing business have the same option as other business taxpayers currently to deduct research or experimental expenditures incurred in developing or improving their products.

This bill is necessary because in September 1973, the Internal Revenue Service published a ruling—Revenue Ruling 73-395—which interprets the Internal Revenue Code in a manner that would retroactively deny publishers the option to deduct prepublication expenditures incurred for the writing and editing of textbooks and other literary products. This ruling held, for the first time, that such costs do not constitute research or experimental expenditures under section 174 of the Code.

This ruling is not only discriminatory, it is also very costly to the publishing industry. It is estimated it would cost that industry approximately $200 million in the first year. The hardest hit segment of the industry would be the publishers of trade, elementary, secondary, and college books. Its effect will be felt not only by the publishing industry, but also by schools, colleges, and students.

I hope that the distinguished chairman of the Committee on Finance might agree that this matter deserves serious reconsideration by the Internal Revenue Service and that failing prompt action by the Internal Revenue Service to end this costly discrimination against the publishing business, the Committee on Finance might review the matter.

I wonder if the chairman of the Committee on Finance could give me some assurance in that respect.

Mr. LONG. Mr. President, the Senator from Illinois directed this matter to my attention. I really was not aware of it until he presented it to me. I can see that it presents a real problem.

I hope the Internal Revenue Service will reconsider its position in this matter and review the problem involved. If the Senator feels that this matter has not been resolved in the way he has described, I would advise him to lay the problem before the Committee on Finance, and we would be glad to consider the views of the Internal Revenue Service.

After having heard both sides, should we conclude the Senator from Illinois is correct about this, as he well may be, we would hope to support his position and we could do that on a number of measures to be reported to the Senate.

So I think the Senator has rendered a service by bringing this to our attention and I hope he will pursue it, because what we really want to do is to see that congressional intent is respected; but if it is unfair and discriminatory, we would want to change it.

Mr. STEVENSON. I thank the Senator. It is my strong feeling that congressional intent is not being carried out by the Internal Revenue Service and it is my hope that the Internal Revenue Service will take the correct action administratively without the necessity for any legislation.

But if I understand the Senator correctly, if the Internal Revenue Service does not review the matter soon and provide some relief for this industry eliminating its discriminatory treatment, the Finance Committee would be willing to consider the matter. For that helpful statement, I am very grateful to the Senator from Louisiana.

Mr. LONG. I will put it this way. If the Senator from Illinois wants us to look into it, we will go into the matter and try to render our best advice as to what should be done about the matter. Obviously there is a serious problem here, and we certainly want to see justice done. We want equity to all taxpayers and certainly do not want to treat the public unfairly.

Mr. STEVENSON. Well, this particular industry is being treated unlike other industries. All other industries are permitted to deduct for research and development expenses. There is no exception in the Internal Revenue Code which justifies different treatment for the publishing industry.

Mr. LONG. May I say, Senator, I have not had a chance to study the argument and the justification that the Internal Revenue Service would submit to sustain its position.

Offhand, it is beyond my comprehension why the publishing industry ought not be entitled to claim deductions for development and research, the same as anybody else.

In any endeavor, becoming more efficient and providing ways that manpower can be used more effectively, as the Senator so well knows, in the long run increases the wages that earners can earn. It improves working conditions. It raises the standard of living. We have sought to implement a policy of encouraging research by permitting persons to deduct what they spend in that area, and I do not understand why this ruling denies it.

I am sure that the Internal Revenue Service would have a better explanation of it than I can imagine at this point. I am confident that with the progress we have made here, the Senator will be successful in his first objective, and that is to get them to reconsider their position. If having done so he is still convinced that they are in error in the position that they take, I for one would like to hear both sides before the committee and consider making whatever recommendation would appear appropriate under the circumstances, and I think that would be true for the Finance Committee generally.

I do not know of any reason why any Senator on that committee would feel that this industry should not be permitted the same considerations on research and development that are available to everybody else.

Mr. STEVENSON. It is possible that the Internal Revenue Service will come out with some explanation for its discriminatory treatment of the publishing business. So far, it has not done so. Its position is incomprehensible to me, as it is to the distinguished Senator from Louisiana. It is not only incomprehensible to the publishing industry; it is also incomprehensible to the accounting profession.

As I indicated, it is retroactive and causes a serious hardship for not only the publishing industry but also its customers, which of course include the schools, colleges, and students in the country.

So I am very grateful to the distinguished chairman for his sympathetic response.

OFFICIAL RESIDENCE FOR THE VICE PRESIDENT

Mr. HARRY F. BYRD, JR. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on Senate Joint Resolution 202.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution (S.J. Res. 202) designating the premises occupied by the Chief of Naval Operations as the official residence of the Vice President, effective upon the termination of service of the incumbent Chief of Naval Operations which was to

strike out all after the resolving clause, and insert:

That, effective upon termination of service by the incumbent in the office of Chief of Naval Operations, Department of the Navy, the Government-owned house together with furnishings, associated grounds and related facilities which are and have been used as the residence of the Chief of Naval Operations, shall thenceforth be available for, and shall be designated as, the official temporary residence of the Vice President of the United States.

SEC. 2. As in the case of the White House, the official temporary residence of the Vice President shall be adequately staffed and provided with such appropriate equipment, furnishings, dining facilities, services, and other provisions as may be required, under the supervision and direction of the Vice President, to enable him to perform and discharge appropriately the duties, functions, and obligations associated with his high office.

SEC. 3. The Administrator of General Services is authorized to provide for the care, maintenance, repair, improvement, alteration, and furnishing of the official temporary residence and grounds, including heating, lighting, and air conditioning, which services shall be provided at the expense of the United States.

SEC. 4. There is hereby authorized to be appropriated such sums as may be necessary from time to time to carry out the foregoing purposes. During any interim period until and before such funds are so appropriated, the Department of the Navy shall make provisions for staffing and other appropriate services in connection with the official temporary residence of the Vice President, subject to reimbursement therefor out of any contingency funds available to the Executive.

SEC. 5. It is the sense of Congress that living accommodations, generally equivalent to those available to the highest ranking officer on active duty in each of the other military services, should be provided for the Chief of Naval Operations.

Mr. HARRY F. BYRD, JR. Mr. President, this legislation has been passed by the Senate. It went to the House. The House made three changes in the Senate proposal. Two of the three are satisfactory to the Senate.

One designates the home on the Naval Observatory property now occupied by the Chief of Naval Operations as the temporary home of the Vice President. The House inserted the word "temporary" which the Senate did not have in this legislation. I see no objection to that.

A second amendment which the House adopted would leave on the statute books the 1966 legislation, which does authorize the construction of a home for the Vice President. I see no objection to leaving that in the bill, if the House desires to do so.

There is no intention on anyone's part, so far as I know, to build a home for the Vice President. The purpose in taking the property at the Naval Observatory, now being used by the Chief of Naval Operations, is that it is a home owned by the Government. It is a question of whether it shall be occupied by the Vice President of the United States or whether it shall be occupied by the Chief of Naval Operations. If this legislation is passed, it will be occupied by the Vice President of the United States.

The committee which handled this matter reported it favorably to the Senate and the Senate approved it with the understanding that there would be limited funds spent on the property.

I have discussed this matter with the distinguished Vice President of the United States, and it is his desire and intention that nothing elaborate shall be done to the property. Only necessary refurbishings and necessary maintenance and repairs will be done on the property.

The third amendment which I shall ask the Senate to reject in the House proposal would have the property maintained by the General Services Administration. The reason I feel that it would be best to have it maintained by the Navy is that the home which would be occupied by the Vice President is a part of the Naval Observatory property. The total property is 72 acres. The acreage that will be taken along with the home for the use of the Vice President is 12 acres.

If that property through the years has been maintained by the Navy, the 60 acres not involved in this transaction will be maintained by the Navy. So it seems logical and more economical to let the same procedures prevail in the future as have prevailed in the past; namely, have it handled and maintained by the Navy which, as I mentioned before, will be maintaining the rest of the Naval Observatory property.

Another section of the bill provides that a suitable residence shall be provided for the Chief of Naval Operations, and that is certainly proper. I want to emphasize for the record that the Senate does not have in mind that a new home shall be built for the Chief of Naval Operations. I have obtained figures to put into the RECORD as to the number of homes the Government now owns in the Washington, D.C., area which are assigned to the senior military officers of our Government. The Government has 125 different homes which it owns and which are being used to house senior military officers. There are 10 additional homes already under construction. That is a total of 135 homes in this area which the Government already has, 125 they already have and 10 additional ones being built.

The breakdown is as follows: 53 are assigned to the Army, 32 to the Navy, 36 to the Air Force, and 4 to the Marine Corps.

So there are plenty of homes owned by the Government in this area, any one of which can be, almost any one of which can become assigned to a Chief of Naval Operations.

Mr. President, I move that the Senate concur in the House amendment, with an amendment as follows:

On page two of the amendment strike out section 3 and insert the following:

SEC. 3. The Secretary of the Navy shall, subject to the supervision and control of the Vice President, provide for the staffing, care, maintenance, repair, improvement, alteration, and furnishing of the official residence and grounds of the Vice President.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Virginia.

The motion was agreed to.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Mr. President, is an additional motion necessary?

The PRESIDING OFFICER. That completes action on the Senator's motion.

At this stage the House will be notified of the Senate action.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. HARRY F. BYRD, JR. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The third 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.

H.R. 8660—TO ASSIST FEDERAL EMPLOYEES IN MEETING THEIR TAX OBLIGATIONS UNDER CITY ORDINANCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 917.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8660) to amend title 5 of the United States Code (relating to Government organization and employees) to assist Federal employees in meeting their tax obligations under city ordinances.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. HASKELL. Mr. President, the city of Denver does not impose an income tax, since it cannot under the Colorado constitution. It does impose an employee occupational privilege tax on all employees earning more than $250 per month. I would like to ask the chairman of the committee if it is the intention of the Committee on Post Office and Civil Service that taxes such as the Denver employment tax be covered by this withholding act.

Mr. McGEE. We did not deal directly with the matter of the Denver tax. But the bill clearly applies to withholding of city income or employment taxes. Further, the committee, if anything, leaned toward a broad interpretation of the bill. We have asked the Treasury Department to report on the ramifications of extending it to smaller cities and other local jurisdictions. It certainly was not our intention to exclude Denver.

Mr. HASKELL. It is your interpretation, then, that the intention of the committee was and is to include city employment taxes, such as imposed by Denver?

Mr. McGEE. If they meet the test included in the first section of the bill; if they are imposed by ordinance and im-

pose the duty of withholding of the tax from the pay of employees generally, then, I would have to agree that a proper application for the withholding of the tax from Government employees who are subject to it should be honored. That would be consistent with our intent in committee.

Mr. HASKELL. I thank the Senator.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

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

ORDER FOR CONSIDERATION OF THE CONFERENCE REPORT ON BIOMEDICAL RESEARCH TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow after the transaction of routine morning business the Senate proceed to the consideration of the conference report on biomedical research (H.R. 7724).

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The third assistant legislative clerk proceeded to call the roll.

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

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

S. 3705—EDUCATIONAL PROGRAMS FOR VETERANS' WIVES AND WIDOWS

Mr. HARTKE. Mr. President, at this time, by direction of the Committee on Veterans' Affairs, I report favorably an original bill and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senate will proceed to the immediate consideration of the bill.

Mr. ROBERT C. BYRD. Reserving the right to object—and the Senator knows I shall not object—I believe this is a bill which the distinguished Senator from Indiana (Mr. HARTKE) alerted the Senate to earlier today, and which he indicated at that time would be presented to the Senate before adjournment today. The joint leadership were present at the time the Senator put the Senate on notice; am I correct?

Mr. HARTKE. The assistant majority leader is exactly correct.

Let me point out also for the RECORD that this bill has been passed twice before by the Senate. In discussions, not alone with the Members of the Senate but with the members of the Veterans' Affairs Committee of the House of Representatives, in the conference on the total GI education bill, there was no disagreement upon the extension of the delimiting date for veterans to use their educational benefits for 10 years following their discharge rather than the present 8 years.

The reason that we are taking this action at this time is that under the action taken by the Congress in S. 3398 to extend the delimiting date would have expired as of June 30, and for that reason we are now reporting this bill so that the House of Representatives can act upon it, which they will do immediately.

This means that the veterans will have 10 years in which to use their GI benefits rather than the current 8-year limitation.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I do not intend to object, but for the record it is a fact, as I understand it, that this measure has been approved unanimously by the Committee on Veterans' Affairs of the Senate.

Mr. HARTKE. The matter has been unanimously approved by the Committee on Veterans' Affairs. It was reported out in the presence of all the conferees on the House Veterans' Affairs Committee, and this is one of those circumstances where we are in complete agreement on this action.

Our conference will continue on the total bill, S. 2784, and in order to prevent some veterans from losing their benefits while we were in recess, this action has been taken.

Mr. GRIFFIN. Mr. President, I can state for the record that the distinguished ranking minority member of the committee, the Senator from Wyoming (Mr. HANSEN), has joined with the chairman, the Senator from Indiana (Mr. HARTKE) in asking that this measure, to which there is no objection so far as the committee is concerned, and none is known of so far as the Senate is concerned, be handled expeditiously in this way, and it is a rather unusual way to handle legislation, but there is no objection to the procedure in this situation.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration. First, the clerk will report the bill.

The assistant legislative clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended—

(1) by deleting "eight" in subsection (a) and inserting in lieu thereof "10";

(2) by deleting "8-year" in subsection (b) and inserting in lieu thereof "10-year";

(3) by deleting "8-year" and "eight-year" in subsection (c) and inserting in lieu thereof "10-year", respectively; and

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

"(d) In the case of any veteran (1) who served on or after January 31, 1955, (2) who became eligible for educational assistance under the provisions of this chapter or chapter 36 of this title, and (3) who, subsequent to his last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing his 10-year period of eligibility for educational assistance, any period during which he was so detained and any period immediately following his release from such detention during which he was hospitalized at a military, civilian, or Veterans' Administration medical facility.".

SEC. 2. Section 1712 of title 38, United States Code, is amended—

(1) by deleting "eight" in subsection (b) and inserting in lieu thereof "10"; and

(2) by deleting "eight" in subsection (f) and inserting in lieu thereof "10".

SEC. 3. Section 604(a) and (b) of Public Law 92-540 (82 Stat. 1333, October 24, 1972) is amended by deleting "eight" and inserting in lieu thereof "10".

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

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

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 3705) was passed.

Mr. HARTKE. I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I thank the distinguished assistant majority leader for keeping the Senate here long enough so that we could complete action on this bill.

Mr. ROBERT C. BYRD. Mr. President, I would like to say for the record that the distinguished Senator from Indiana (Mr. HARTKE) is doing an admirable job as chairman of the Senate Committee on Veterans' Affairs. He is the first chairman of that committee, and the only chairman the committee has had.

The veterans of his State and of this country, I am sure, appreciate the work that Senator HARTKE has done on their behalf and on behalf of their families since he became chairman of that committee.

I do not know of anyone who has done more for the veterans, during my 22 years in the House of Representatives and the Senate, than has Senator HARTKE. It seems to me that every other day or every few days, he comes to the floor of the Senate with a bill on behalf of veterans. Thus far, he has successfully piloted all of those measures through the Senate, and he does not stop at the Senate door; he proceeds with his efforts toward assistance in getting the measures through the other body. I salute him, and, on the part of the leadership on this side of the aisle, I appreciate the work he is doing as chairman of that committee.

Mr. HARTKE. I thank my distinguished friend from West Virginia, the assistant majority leader, for those kind words. I think it appropriate to recognize that the members of the committee, both of the majority and the minority, are conscientious, and have been willing to devote themselves to days and weeks of concern about providing for the Nation a group of stable citizens in these returning veterans.

I might point out also that we are blessed, in that committee, with probably one of the finest groups of staff members that I have had the pleasure of working with. They do not hesitate to work long hours at night and over weekends in order to provide us with the material which is necessary to do the work

which we have been doing. We find that they feel a deep obligation to those people who have dedicated their lives and themselves to the service of this country. I think it is appropriate to remember the words of Franklin D. Roosevelt 30 years ago, when he signed the first GI bill, that—

This law gives emphatic notice to the men and women of our Armed Forces that the American people do not intend to let them down.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. ROBERT C. BYRD. The Senator from Indiana has also often spoken to me privately of the work of the Senator from Wyoming (Mr. HANSEN), who is the ranking Republican member of the Veterans' Affairs Committee. As a part of the leadership, may I say that Mr. HANSEN is always most agreeable and cooperative with the leadership in scheduling measures affecting veterans, as well as other measures in which the Senator from Wyoming (Mr. HANSEN) has an interest. He is not only a very able Senator, a very active Senator, and a very effective Senator, but he is also a very congenial, understanding, and cooperative Senator, and I thought the record ought to show this statement on my part, because the Senator from Indiana has taken the occasion in numerous instances to mention the fact that he gets such excellent cooperation and able assistance from Mr. HANSEN, the ranking minority member of the committee. Again I compliment the Senator from Indiana for his effective, dedicated leadership on behalf of legislation dealing with problems affecting our Nation's veterans.

Mr. HARTKE. I thank the Senator. I wholeheartedly agree with the remarks concerning the ranking minority member (Mr. HANSEN).

Let me say again, I want to put the Senate on notice now——

Mr. ROBERT C. BYRD. That we will have more.

Mr. HARTKE. That we will have more legislation in the future. But I also want to warn Senators about something frequently overlooked: There are about 14 million World War II veterans in this Nation. They are now approaching an average age of roughly 55 years. They are going to be looking to their Nation for some of the same benefits that some of their predecessors who have served their country have had.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the previous orders for recognition of three Senators have been consummated, I be recognized for not to exceed 15 minutes.

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

ORDER FOR ADJOURNMENT UNTIL 9:30 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 9:30 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATOR TUNNEY TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, the Senator from California (Mr. TUNNEY) be recognized for not to exceed 15 minutes.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 9:30 a.m. tomorrow.

After the two leaders or their designees have been recognized under the standing order, the Senator from California (Mr. TUNNEY) will be recognized for not to exceed 15 minutes; after which the Senator from Hawaii (Mr. FONG) will be recognized for not to exceed 15 minutes; after which the Senator from Massachusetts (Mr. KENNEDY) will be recognized for not to exceed 15 minutes; after which the Senator from Alabama (Mr. ALLEN) will be recognized for not to exceed 15 minutes; after which the Senator from West Virginia (Mr. ROBERT C. BYRD) will be recognized for not to exceed 15 minutes; after which there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 3 minutes each.

At the conclusion of routine morning business, the Senate will proceed to the conference report on biomedical research, H.R. 7724. Whether a rollcall vote will be requested, I am not prepared to state.

Other conference reports may be called up during the day. The conference report on the continuing appropriations bill is expected also to be ready during the day.

Other measures which have been cleared for action may be called up by the leadership. So Senators are alerted to the possibility of rollcall votes.

ADJOURNMENT TO 9:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 9:30 a.m. tomorrow.

The motion was agreed to; and at 5:04 p.m. the Senate adjourned until tomorrow, Thursday, June 27, 1974, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate June 26, 1974:

NATIONAL SCIENCE FOUNDATION

The following-named persons to be members of the National Science Board, National Science Foundation, for terms expiring May 10, 1980:

Jewel P Cobb, of Connecticut, vice Frederick E. Smith, term expired.

Norman Hackerman, of Texas. (Reappointment)

William Neill Hubbard, Jr., of Michigan, vice Philip Handler, term expired.

Saunders Mac Lane, of Illinois, vice R. H. Bing, term expired.

Grover E. Murray, of Texas (Reappointment)

Donald B. Rice, Jr., of California, vice Harvey Brooks, term expired.

L. Donald Shields, of California, vice William A. Fowler, term expired.

James H. Zumberge, of Arizona, vice James G. March, term expired.

HOUSE OF REPRESENTATIVES—*Wednesday, June 26, 1974*

The House met at 12 o'clock noon.

The Reverend Dr. Ewald H. Mueller, pastor, Bethlehem Lutheran Church, Ridgewood, N.J., offered the following prayer:

Heavenly Father, with whom there is no change nor variableness, neither shadow of turning, we thank Thee for Thy divine constancy in the midst of our human frailty; for Thy strength in the midst of our weakness; and for all blessings bestowed. We confess our faults, both corporate and individual, public and private, and plead forgiveness and forbearance. We ask Thy benediction upon the Congress and upon all who bear the responsibility of governance, that they may be endowed with reverence for life; with wisdom; with faith; with integrity of purpose; and with joyous optimism; that all their ministrations may conform to Thy will and insure the establishment of righteousness, justice, prosperity, and peace for people everywhere. We ask it in the Saviour's name.—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 joint resolutions of the House of the following titles:

H.J. Res. 1056. Joint resolution to extend by 30 days the expiration date of the Defense Production Act of 1950; and

H.J. Res. 1057. Joint resolution to extend by 30 days the expiration date of the Export Administration Act of 1969.