

## EXTENSIONS OF REMARKS

FEDERAL CIVILIAN EMPLOYMENT,  
JUNE 1974

## HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MAHON. Mr. Speaker, I include a release highlighting the June 1974 civilian personnel report of the Joint Committee on Reduction of Federal Expenditures, together with a summary of Federal employment changes during fiscal year 1974, ended June 30, 1974:

The accompanying report covers the month of June 1974—the last month of fiscal year 1974. Following the practice of many years standing, this statement is designed to summarize personnel developments during the past year. The following is a summary of total employment in all three branches, comparing June of 1973 and June of 1974:

## FISCAL YEAR 1974 SUMMARY

	June 1973	June 1974	Change
Executive branch.....	2,780,889	2,847,784	+66,895
Legislative branch.....	34,928	36,539	+1,611
Judicial branch.....	8,740	9,490	+750
Total, all branches.....	2,824,557	2,893,813	+69,256

The payroll costs for fiscal 1974 are estimated to be about \$36 billion, and further analysis of pay costs will be included in next month's report when actual fiscal year data is complete.

These figures are from reports certified by the agencies as compiled by the Joint Committee on Reduction of Federal Expenditures.

## Executive Branch

Total civilian employment in the Executive branch of the Federal Government in

June 1974 is shown for Civilian and Military agencies in comparison with June 1973:

	June 1973	June 1974	Change
Civilian agencies.....	1,728,216	1,777,645	+49,429
Military agencies.....	1,052,673	1,070,139	+17,466
Total, civilian employment.....	2,780,889	2,847,784	+66,895

The civilian agencies reporting the most significant changes during the year were:

Major increases in HEW with 13,742, Postal Service with 9,270, Treasury with 8,623, Veterans with 3,940, Agriculture with 2,890, Justice with 2,822, Interior with 2,769, Transportation with 2,348, Tennessee Valley Authority with 1,610 and General Services Administration with 1,080. (The increase in HEW is mainly due to the conversion of certain public assistance grant programs, previously operated by the states, to direct federal administration.)

Major decreases in Selective Service with 3,046 and State/AID with 1,135.

During fiscal year 1974 significant increases were made in the category of full-time permanent—the relatively stable hard-core of federal civilian employment (excluding categories of temporary employment which are subject to sharp seasonal fluctuations). Comparison of current full-time permanent employment (June 1974) with June 1973 and with the budgeted projections for June 1974 and 1975 follows:

	Civilian agencies	Military agencies	Total
June 1973, actual.....	1,434,419	987,281	2,421,700
June 1974, actual.....	1,477,067	1,002,886	2,479,953
Budget projections:			
June 1974.....	1,455,300	1,025,300	2,480,600
June 1975.....	1,477,800	1,025,000	2,502,800

In summary, the June 1974 total for full-time permanent employment, is:

	Full-time in permanent positions	Change	Temporary, part-time, etc.	Change	Total employment	Change
May 1974.....	2,464,316		354,719		2,819,035	
Civilian agencies.....	(1,469,942)		(296,247)		(1,766,189)	
Military agencies.....	(994,374)		(58,472)		(1,052,846)	
June 1974.....	2,479,953	+15,637	367,831	+13,112	2,847,784	+28,749
Civilian agencies.....	(1,477,067)	(+7,125)	(300,578)	(+4,331)	(1,777,645)	(+11,456)
Military agencies.....	(1,002,886)	(+8,512)	(67,253)	(+8,781)	(1,070,139)	(+17,293)

Some additional points of interest in connection with civilian employment in executive agencies, are:

Full-time permanent employment showed increases in military agencies with 8,512, HEW with 1,415, Transportation with 1,300, Veterans with 1,034 and Agriculture with 1,031.

Temporary and part-time employment shows increases primarily in military agencies with 8,781, Postal Service with 3,005, Interior with 2,453, Agriculture with 2,352 and

Transportation with 1,114. These increases are largely due to the hiring of temporary summer aides. The largest decrease was in Treasury with 5,750.

Civilian agencies reporting the largest increases in June were Agriculture with 3,383, Postal Service with 2,744, Interior with 2,535, Transportation with 2,414, HEW with 2,249 and Justice with 1,005. The largest decrease was in Treasury with 5,319.

Employment inside the United States increased 33,698 since May and outside the

58,253 over the total reported a year ago in June 1973. The notable increases during the year were 16,192 in Postal Service, 15,605 in military agencies, 12,385 in HEW, 6,269 in Treasury, 3,899 in Veterans, 2,692 in Justice and 1,639 in Transportation. Major decreases were 2,274 in Selective Service, 2,094 in Agriculture, 1,101 in NASA and 1,081 in State/AID.

647 under the January budget projection for June 1974. Military agencies were 22,414 below the projected level while Postal Service was 16,192 over the projection.

The budget for 1975 projected full-time permanent employment next year as of June 1975 at 2,502,800. This budget estimate was some 22,000 over the estimate for June 1974 and about 23,000 above the level actually reported this month. It should be noted, however, that the President indicated in his July 26 statement that he had ordered a reduction of 40,000 in the projected 1975 level.

The June 1974 total of 2,847,784 for civilian employees in federal executive agencies also includes:

56,764 disadvantaged persons employed under federal opportunity programs, a decrease of 1,616 as compared with June a year ago.

2,711,065 employees inside the United States, an increase of 65,167 since June 1973 and 136,719 employees outside the United States, an increase of 1,728 since June 1973.

## MONTH OF JUNE 1974

Total civilian employment in the Executive, Legislative and Judicial Branches of the Federal Government in the month of June was 2,893,813 as compared with 2,863,468 in the preceding month of May. This was a net increase of 30,345, largely due to summer employment of the "disadvantaged" under youth opportunity programs.

## Executive Branch

Civilian employment in the Executive Branch in the month of June as compared with the preceding month of May 1974, follows:

United States there was a decrease of 4,349 for the month.

In addition, Mr. Speaker, I would like to include a tabulation, excerpted from the joint committee report, on personnel employed full-time in permanent positions by executive branch agencies during June 1974, showing comparisons with June 1973 and the Budget estimates for June 1974 and June 1975:

PERSONNEL EMPLOYED FULL-TIME IN PERMANENT POSITIONS<sup>1</sup> BY AGENCIES OF THE EXECUTIVE BRANCH DURING JUNE 1974 AND COMPARISON WITH JUNE 1973, AND BUDGET ESTIMATES FOR JUNE 1974 AND JUNE 1975

Major agencies	June 1973	June 1974	Estimated June 30, 1974 <sup>2</sup>	Estimated June 30, 1975 <sup>2</sup>	Major agencies	June 1973	June 1974	Estimated June 30, 1974 <sup>2</sup>	Estimated June 30, 1975 <sup>2</sup>
Agriculture	81,715	79,621	80,200	80,200	Environmental Protection Agency	8,270	9,144	9,200	9,200
Commerce	28,300	28,549	28,600	29,100	General Services Administration	35,721	36,733	37,200	38,000
Defense:					National Aeronautics and Space Administration	25,955	24,854	25,000	24,600
Civil functions	29,971	29,072	28,700	29,100	Panama Canal	13,680	13,841	14,000	14,100
Military functions	957,310	973,814	996,600	995,900	Selective Service System	4,607	2,333	3,100	2,200
Health, Education, and Welfare	114,307	126,692	123,900	126,200	Small Business Administration	4,050	3,957	4,100	4,300
Housing and Urban Development	15,820	15,021	14,800	14,200	Tennessee Valley Authority	13,995	14,001	14,000	14,400
Interior	56,771	57,568	58,900	59,400	U.S. Information Agency	9,043	8,960	9,100	9,100
Justice	45,496	48,128	48,900	51,000	Veterans' Administration	170,616	174,515	173,400	181,800
Labor	12,468	12,788	12,700	13,000	All other agencies	34,603	37,741	37,300	37,600
State	22,578	22,644	23,400	23,400	Contingencies			2,000	5,000
Agency for International Development	10,108	8,961	9,900	9,500	Subtotal	1,874,417	1,916,478	1,942,700	1,968,100
Transportation	67,885	69,524	69,500	71,300	U.S. Postal Service	547,283	563,475	537,900	534,700
Treasury	98,087	104,356	104,700	111,400	Total <sup>3</sup>	2,421,700	2,479,953	2,480,600	2,502,800
Atomic Energy Commission	7,145	7,411	7,400	7,800					
Civil Service Commission	5,911	6,190	6,100	6,300					

<sup>1</sup> Included in the total employment shown on table 1, beginning on p. 3.

<sup>2</sup> Source: As projected in 1974 budget document submitted by the President on Feb. 4, 1974.

<sup>3</sup> It should be noted that the President indicated in his July 26 statement that he had ordered a reduction of 40,000 in the projected 1974 level.

<sup>4</sup> Excludes 4,000 positions involved in proposed transfer of St. Elizabeth's Hospital to the District of Columbia.

<sup>5</sup> June figure excludes 1,932 disadvantaged persons in public service careers programs as compared with 1,320 in May.

## CHANNAHON PLANS HOMECOMING

### HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. O'BRIEN. Mr. Speaker, in Will County, Ill., there is a beautiful rural community called Channahon. Each year about this time the 1,500 residents take a few days out from their work to celebrate the village's annual homecoming.

It is a time to reflect on their history and a time when present and former residents of Channahon get together to renew old acquaintances and make new ones.

Channahon is an Indian word for "meeting of the waters" and was bestowed on the town by Judge William Peck, one of the early settlers. He chose the name because of the confluence of the Des Plaines and DuPage Rivers near the center of the township.

Like ancient Mesopotamia where the Tigris and Euphrates Rivers flowed, Channahon was a rich and fertile farming area and one of the best watered and best drained sections of Will County.

The first settler, John Shoemaker, came to Channahon in 1831. It was then still a favorite camping ground for Indians who raised corn in the rich bottom-land and fished along the rivers.

Much of the land was timbered with little open prairie but the remainder was fine farmland with rolling hills. Gradually more and more settlers came to Channahon and put down roots until by 1870, the population had grown to 1,164.

The Illinois and Michigan Canal and the Chicago, Pekin and Southwestern Railroad passed through the town providing excellent shipping facilities for the huge amounts of grain and livestock raised by enterprising citizens.

As a whole, Channahon soon became one of the most prosperous communities in Will County.

Today Channahon is undergoing a transition as part of the Fox Valley Industrial Center. Yet despite this new development, the area retains its rural charm and its old traditions.

The annual homecoming is one tradition I hope the people of Channahon never relinquish. I know that they have worked hard on this year's event and I want to wish them every success.

## BIG OIL DOES IT AGAIN

### HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. EDWARDS of California. Mr. Speaker, service stations are once more open 7 days a week. They have more gas than they can sell. But the price is still outrageous, as are the profits of the oil companies.

It is hoped that when a certain amount of stability is returned to the White House, Congress and the administration can seek solutions to this urgent problem. Inflation must be curbed, and at the core of inflation is the oil and gasoline scandal.

Mr. Speaker, I commend to my colleagues the following compelling editorial from the San Jose Mercury:

#### BIG OIL DOES IT AGAIN

The public-be-damned attitude of the petroleum industry is so ingrained and of such long duration that hardly anybody pays attention to it anymore, which is a pity.

Until the public becomes sufficiently incensed to demand that Congress do something about the ongoing outrages, they are certain to persist. About all that can be done in the interim is to keep calling attention to the ways in which the industry cares for its own interests. A recent spate of statistics from the American Petroleum Institute, the propaganda arm of the industry, serve to illustrate.

According to API, gasoline inventories are up 9 to 10 per cent over what they were a year ago and refineries are operating at 6 to 7 per cent below the capacity they were utilizing a year ago.

The industry spokesman, Van H. R. Sternbergh, explained this as a result of government requirements that more gasoline and crude oil be kept in transit to meet federal allocation programs. Further, he said, inventories were unusually low last year.

It is at least fortunate that Sternbergh didn't attempt to shift the blame to the Arabs, whose oil embargo hadn't really begun to be effective by this time last year or to claim that the refineries were concentrating on fuel oil and propane to get American homeowners and farmers through the coming winter. Apart from insulting the intelligence, those excuses would have been too easy to disprove. Instead, the industry chooses to blame the bureaucrats, which has a double advantage. It is difficult for the average man to determine for himself whether the assertion is true, and it plays to the general distrust of and distaste for government so common just now.

On the other hand, regardless of the validity of the oil industry's official explanation, it is quite possible for the average man to determine how industry policies affect him. All he has to do is check the prices at his local gas pump and look in his newspaper for the latest quarterly earnings report of his favorite oil company. He will find both inflated beyond all reason.

All of which suggests an urgent need for a thoroughgoing congressional review of regulations affecting the petroleum industry. Clearly, there is a minimum need for an independent audit of the industry's supplies, pricing policies and distribution mechanisms.

It is at least arguable that the industry is sitting on inventories and holding down refinery runs deliberately in order to keep gasoline prices sky-high. When enough citizens get sufficiently angry to demand action, Congress will set about finding out.

## EXPLANATION

### HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LEHMAN. Mr. Speaker, I would like the RECORD to reflect that I missed a quorum call earlier today due to the fact that I was chairing a joint hearing on the Child and Family Services Act by the Select Education Subcommittee and the Subcommittee on Children and Youth on the Senate side, and therefore did not hear the House bells.



THE MOST IMPORTANT QUESTION  
OF THE CENTURY

**HON. RONALD A. SARASIN**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. SARASIN. Mr. Speaker, there are two specific voting situations in the House of Representatives which I believe can be honestly characterized as awesome: a vote on the question of a formal declaration of war, and a vote on the question of the impeachment of the President of the United States.

Because of Richard Nixon's outstanding successes in the area of foreign policy there will be no need to consider a formal declaration of war. Unfortunately, the activities of the President subsequent to the Watergate break-in of June 17, 1972, have given rise to the impeachment procedure now before the House.

On August 5 the President admitted personally ordering the cover-up of the Watergate probe within 6 days of the break-in and further admitted deceiving the American public, the Congress, the Judiciary Committee and his own defense counsel of the true facts.

The reaction in Congress to these revelations was overwhelming. The 10 Members of the Judiciary Committee who had voted against impeachment reversed their decisions. Many Members of Congress reacted quickly and emotionally in stating their decisions to vote for impeachment.

I have deliberately chosen not to rush to judgment on an emotional basis. I have taken the time to coolly and rationally study the transcripts of the June 23, 1972 conversations between the President and H. R. Haldeman. I have utilized this time to continue listening to the tapes and examining the volumes of evidence previously available only to the members of the Judiciary Committee.

I have delayed my decision in part because of my determination to be as fair and objective as possible and in part because I felt it was imperative that I be able to go back to my constituents and to say to those on both sides of the issue: "I have studied all the evidence and considered every aspect of the matter and believe my judgment is supported and justified by the facts."

I shall cast my vote for the impeachment of President Richard M. Nixon pursuant to article I of the impeachment resolution reported by the Judiciary Committee.

I do not join those calling for the resignation of the President since I believe this entire matter must be carried out to its legal and proper conclusion in accordance with the Constitution.

I know that some of my constituents will not agree with my decision, while others question why I took so long to reach this point. I can only ask those on both sides to read and consider my reasons and judge my performance in the light of my constitutional and legal responsibilities.

Impeachment of any President would be a difficult and traumatic experience for the country and certainly only our

second venture into this uncharted constitutional area had to be undertaken with prudence and due consideration for the fact that our activities in the 93d Congress would be establishing precedents for the future.

What we do here and now will almost certainly have grave and continuing effects on our Government for years to come and it is imperative that the standards set here and the example we provide for those who come after be beneficial to the country.

While every Member of the House of Representatives must face up to this awesome responsibility in accordance with his own conscience and sense of duty, my personal view has been that those who took firm positions on either side while the evidence was still being gathered and examined did a disservice to the establishment of the constitutional process to be followed in such cases.

My personal course has been to support every effort to get to the bottom of the matter, including full powers and funding for the Judiciary Committee, calling on the President to provide all the information requested and in general backing all facets of an orderly, legal, and proper inquiry into all aspects of the case.

I have also felt it was my obligation as a grand juror, which is the role the House of Representatives fulfills in the impeachment procedure, to endeavor to keep an open mind and study all the evidence objectively and without prejudice. This obviously precluded my taking a position until I felt I had all the evidence that bore directly on the case, or at least all the evidence available.

On the basis of this evidence, I now feel that I can make a decision which I can personally accept as the right one and which I can bring to my constituents as the best judgment based on the facts before us.

I am specifically relating my decision at this time to the basic charges brought against the President in article I adopted by the House Judiciary Committee. This article accuses the President of the United States of obstruction of justice through his knowledge of and involvement in the Watergate coverup.

Circumstantial evidence had been accumulating over the months linking the White House and a number of key Presidential aides to the attempts to subvert justice in the various criminal cases lumped together under the term "Watergate." The release of the three additional tapes by the President on August 5 disclosed with clear and convincing proof that President Richard M. Nixon was directly and personally involved in the obstruction of justice.

This is by any reasonable standard an impeachable offense and I am forced to the conclusion that the only defensible position is to vote for the impeachment of President Richard M. Nixon on the grounds included in the first article and send this matter to the Senate for trial in accordance with the Constitution.

The same chain of evidence relates to the charges embodied in article II, accusing the President of misusing the agencies of the Federal Government, an

abuse of his Presidential power. The latest three tapes present powerful evidence that the President himself involved the Federal Bureau of Investigation and the Central Intelligence Agency in the Watergate coverup. The evidence here is also compelling.

The accusation against the President in article III voted by the Judiciary Committee, that he was in contempt of Congress in his refusal to honor subpoenas for evidence issued by the committee, would probably have merit if the committee had exhausted its legislative and legal remedies, including taking the matter to the Supreme Court. The committee did not follow these paths and I find little merit in article III under those circumstances. I would not support impeachment on this charge.

I have spoken before of the agony of this decision, but in the final analysis, it is not the decision that is agonizing. The decision itself arises naturally out of the evidence and is inescapable once one has made certain evaluations of the facts available.

The agony comes from the necessity of having to judge the President, of being in a situation where the highest official of the Nation must come under such scrutiny. I ask only that the residents of the Fifth District try to judge my actions in this matter with the same fairness and objectivity that I have attempted to apply in this most important question of the century.

RESOLUTION OF ZIONIST ORGANIZATION OF AMERICA ON ARAB TERRORISM

**HON. JONATHAN B. BINGHAM**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. BINGHAM. Mr. Speaker, I wish to call the attention of my colleagues and other readers of the CONGRESSIONAL RECORD to the following resolution on the subject of Arab terrorism, which was adopted at the 77th Annual Convention of the Zionist Organization of America held in New York City June 27-30:

ARAB TERROR

The ZOA voices its outrage at the recent atrocities perpetrated by Arab terrorist organizations who have made Jewish women and children the target of their cowardly but murderous assaults.

The ZOA further deplores the attitude of the governments of Great Britain, West Germany, Italy, Cyprus, Greece and the Sudan, who have freed terrorists apprehended in the act of committing murder within their territories. The exemption from punishment uniquely afforded to Arab terrorists by these countries has given the terrorist organizations a free hand to destroy property and take life with impunity throughout the world.

The ZOA notes that Arab terrorists continue to receive enthusiastic encouragement and open support from both the Arab states and the Soviet Union. With the aid of these countries Arab terrorists have converted Lebanon into their headquarters, establishing there numerous armed camps and military bases from which they dispatch their assassins to kill and maim whoever they can

in Israel, to kidnap ambassadors and other officials of even major powers, to wreak havoc in international travel, and to hold major business corporations to demands for ransom. In this connection, we express our dismay over the recent failure of the U.S. to veto an anti-Israel resolution of the U.N. Security Council, after Israel had retaliated against the indiscriminate murders committed by Arab terrorists at Kiryat Shemona.

The ZOA notes with regret that American attempts to elicit international cooperation designed to put an end to the source of Arab terrorism have come to naught. We declare that a concerted, determined, unilateral effort by the United States is now required. We further declare that the Lebanese government must be held accountable for criminal activity emanating from its territory. We therefore urge the government of the United States to demand of the Lebanese government that it act forcefully and successfully to liquidate the terrorist bases on its territory, and that if Lebanon refuses to accept this obligation, to demand that a United Nations force be established to undertake this task.

The ZOA further notes in this connection, that the Palestinian refugee camps administered by the United Nations Relief & Works Agency (UNRWA) have come totally under terrorist domination. Since the United States provides 60% of the budget for UNRWA, it has the legal, political, and moral duty to insist that UNRWA takes whatever measures necessary to free these camps from terrorist control. We call upon the government of the United States to raise this issue at the United Nations and to insist that a UN police force be stationed in the UNRWA camps to deny their use to the terrorists as recruitment and training centers, administrative headquarters, arsenals, and armed bases.

#### MORE CONCLUSIVE DATA NEEDED ON DAYLIGHT SAVING TIME

### HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. RAILSBACK. Mr. Speaker, my 1974 questionnaire revealed that 59 percent of the residents of Illinois' 19th Congressional District oppose year-round daylight saving time, while only 41 percent support it.

Therefore, I was particularly interested in the Department of Transportation's interim report—required by last year's Energy Conservation Act. That report recommended, as part of a continuing experiment, the Nation observe daylight saving time for only 8 months of the coming year.

Based on preliminary information, the DOT study estimated:

YRST probably resulted in an electrical energy saving of .75 to 1 percent this past winter. The predominant fuel saved was coal.

Total travel and gasoline use in the U.S. was generally reduced in the winter months of 1973/1974 compared to the winter months of 1972/1973. However, in March and April, when gasoline supplies were more available and it was warmer, YRST may have increased gasoline use as much as .5 to 1 percent in some states over the amount forecasted under conditions of standard time.

No significant effects on traffic safety were attributed to YRST. Lowering of speed limits and restrictions on the availability of

gasoline was credited with the decrease of motor vehicle fatalities.

Fatalities involving school-age children over the entire day in both January and February 1974 were reduced from the previous year. There was an increase in school children fatalities during the morning hours of 6 to 9 a.m. for February 1974 versus February 1973, but an offsetting decrease in fatalities occurred in the early evening hours.

The Federal Communication Commission reported that YRST caused adverse economic impacts for some radio stations because of frequency interference problems during prime time morning rush-hour broadcasts.

No measurable effects of YRST were reported in the areas of crime, agriculture, labor and recreation.

YRST was found to be generally popular with the public, but not in the winter months of November through February.

It seems clear to me that we must obtain more conclusive data on the effects of daylight saving time. The DOT report recommends that a modified daylight saving time experiment be conducted in the coming year to determine such effects.

Because I firmly believe that additional information is needed, and because I am today introducing legislation that closely parallels the Department of Transportation's recommendation. Briefly stated, my bill will amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974 through the last Sunday in February 1975. I hope this proposal will receive immediate and favorable consideration.

#### SMALL VERSUS BIG

### HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HUBER. Mr. Speaker, it is no secret that the small businessman is currently suffering great hardship due to inflation and scarce supplies. In my view, not enough concern over the small businessman is being shown by our Federal Government. A recent editorial in *Industry Week* from July 29, 1974, puts the case very succinctly, in my opinion. The editorial follows:

#### SMALL VERSUS BIG

(By Stanley J. Modic)

"I've found a buyer and I'm getting out. Taxes and all the federal regulations are just becoming too much to cope with."

The speaker is an entrepreneur of a "small" manufacturing facility in the electronics industry. He has been in business for a number of years, but decided it was no longer worth the hassle.

As far as the statistics go, this small businessman was a success; only three out of ten manage to stick it out for more than a year. Nevertheless, his tale of woe is a sad commentary on the state of affairs facing his breed.

With today's penchant for "big," the plight of the "small," unfortunately, is being largely ignored. Even some of the numbers belie the facts. As the National Small Business Assn. reports, small firms account for 98

percent of the total business units, create jobs for 65 percent of the Nation's nongovernment work-force, and contribute about 40 percent of the gross national product.

But in market share, assets, and profits, they are losing ground. For instance, in 1960, small- and medium-size corporations in manufacturing had 50 percent of the assets and were responsible for 41 percent of the profits. By 1972, this had declined to 30 percent of the assets and 28 percent of the profits.

One small manufacturer equates his position to a ping-pong ball being bounced around inside a box. He sees the four sides as big suppliers, big customers, big labor, and big government. He's at the mercy of each, with too little clout to fight back and too little leverage to control his costs of material and manpower or to pass them on via price adjustments.

To be sure, big business is being squeezed by big labor and big government. But, relatively speaking, it is better equipped to cope with the pressures than its little brother. Small business feels the same pressure, but with more impact. The last thing it needs is undue pressure from big customers and big suppliers.

True entrepreneurs are a vanishing breed. Their special problems need special understanding and consideration. For each one that "dies" takes with him a little piece of the competitiveness, enterprise, and inventiveness that make our system work.

And we can't afford it.

#### LIBERTY LOBBY

### HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. NICHOLS. Mr. Speaker, the Liberty Lobby has been praised and cited by many Members of this body as a pro-Constitution, highly patriotic institution of American citizens which has been active in Washington for many years. It is in fact the original people's lobby; however, it does not hesitate to deal in conventional issues which I believe would be better resolved if greater recognition were given to them.

Many of Liberty Lobby's publications have been entered in various issues of heard every Monday through Friday on heard every Monday through Friday on more than 180 stations coast to coast. I have listened to many of these broadcasts and have found nothing at any time which is in any way subversive, un-American or unpatriotic.

As a matter of fact, Liberty Lobby requires all members to sign the following loyalty oath:

1. I certify that I do not advocate nor do I belong to any group which advocates the violent overthrow of the government of the United States.

2. I believe in the Constitution.

3. I place my allegiance to the Republic of the United States of America above that which I give to any other temporal power party or faction.

Liberty Lobby does not hesitate to take a strong stand on behalf of America first and advocates the policy of neutrality in foreign affairs laid down for this Nation by its founder, George Washington, who is extolled on this floor as



well as in the other body on his birthday. Liberty Lobby advocates that the U.S. taxpayers not be forced to support either side in the Mideast conflict and fears that our financial involvement will lead to military conflict which would be disastrous for all mankind.

During my years in Congress I have supported many of the aims of this organization which I believe to be those of sound fiscal policy and strong national defense and staunch opposition to communism. In these days of uncertainty I am pleased to join with other members of this body in commending this organization's efforts in behalf of Americanism.

#### AGRICULTURE MEETING

### HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MURTHA. Mr. Speaker, I recently had the pleasure and honor to meet with members of the Somerset County Farmers Association and several Grange officers and members. We were able to sit down together to exchange views at an informal meeting. Our discussion ranged over a broad spectrum of agricultural problems, and was extremely informative for me. I would like to present a summary of the meetings' remarks, because I believe these farmers had a great deal to say not only about the situation of small, independent, Pennsylvania farmers like themselves, but I believe they speak for the problems of small farmers all across the United States.

At the end of my remarks I will insert into the Record a copy of a newspaper article that summarizes many of the points we discussed. Before that, though, I would like to read a checklist of a dozen key items the farmers presented at the meeting that well illustrate the problems they face and the areas of difficulty that government should be confronting. It is a list which I believe has importance for all of us.

The checklist reads like this:

First. The farmer's cost-of-living is up 60 percent; the farmer's cost of operation is up 70 percent; meanwhile the farmer is being paid at 74 percent of parity compared to 87 percent of parity 24 years ago; in short, the farmer's income is actually down from past levels;

Second. Fertilizer costs have more than doubled and are expected to go even higher; baler twine has recently gone from \$28 to \$30 per bale compared with a price of \$7.50 last year;

Third. The product the farmer has to sell has been forced down in value in the last 4 or 5 months in a serious and dramatic price-value drop;

Fourth. The decline in the number of farmers is not conducive to a healthy agricultural community; neither is this a healthy trend for the Federal National population, because our national strength depends in part on a strong farm community;

Fifth. Imports of dairy products are not measuring up to sanitary requirements of milk produced in this country;

it is also not subject to the rigid inspection required of milk produced in the United States;

Sixth. Sources of energy such as hydroelectric wind power, solar energy, atomic energy, and other alternatives should be encouraged so the cost of electricity and fuel are reduced; farmers are among our largest users of electricity and fuel, and this represents a significant budget item to them;

Seventh. What would happen to the economy if the farmers were further deprived of a decent income and could not afford to make the necessary investments to continue a portion of their production? The answer in part is that a whole range of other industries would be adversely affected; for instance, farmers are the largest users of steel; if the farm demand slips, the economy of the entire Nation will be damaged;

Eighth. The law known as the Agricultural Stabilization and Conservation Act should be reinstituted, according to these farmers, to assure the American consumer an adequate supply of food at a reasonable cost, and to conserve the soil for future generations;

Ninth. Productivity in the United States is down compared to foreign countries; on the other hand, agricultural productivity remains higher than any other nation despite the present string of problems, which I might add, is a great tribute to our farmers;

Tenth. Farmers are the biggest gamblers in the world—would anyone else like to stick \$25,000 in the ground, and then gamble that the weather with the good Lord's blessing will return you your original investment, along with an income to exist in this inflationary period?

Eleventh. Congress will have to make vital decisions on which segments in this economy are to have priority, and which groups must be bolstered to counter the inflationary trend; certainly the agricultural community should be high on any priority list;

Twelfth. Information is that the Government is considering establishing a strategic reserve of grain supplies; the Congress has important questions to ask about whether this policy should be adopted and what the role of the Congress is to be in such a program.

I believe, Mr. Speaker, that these gentlemen presented us with a dozen key statements and questions for this Congress to ponder and resolve. I remember when my family used to go to a nearby farm to buy corn in the summer. When we got home we would find the farmer had given us 13 ears instead of 12. We would call that a farmer's dozen. Well, inflation has not only eliminated the extra ear, it has placed the entire dozen in jeopardy, and I believe reviving our agricultural community is something that must become a major priority of Congress.

For the additional information of the Members, Mr. Speaker, I would also like to insert into the Record a news article on the meeting. I might add that in an age when politicians often criticize the news media at the drop of a quote, the article also represents an excellent reporting job by Mr. Richard Cartwright of the Somerset Daily American.

The article follows:

#### MURTHA MEETS WITH FARMERS ON PROBLEMS

(By Dick Cartwright)

Congressman John P. Murtha met Saturday with members of the Somerset County Farmers Association and several Grange members to discuss farm and farm-related problems.

The early afternoon luncheon was held at Ratsy's Restaurant and was attended by about 20 persons. Included in the group was Somerset County Democratic Committee Chairman W. L. "Bill" Conrad, and two Murtha staff members.

The meeting followed a two-hour workshop earlier in the day at the Somerset Municipal Building.

The subject was milk as the luncheon conversation began, but shortly the talk turned toward import problems, lax inspection of dairy imports, baling wire and fertilizer shortages, and, finally the ever-growing problems on the decreasing number of farms as well as the declining interest of young persons in farming.

The meeting was a political, bi-partisan, but highly committed to the idea that while "the farmer wants no handouts, but he does want a chance," as one man emphasized.

As the topic of milk marketing and the low rate per hundred weight the farmers gets on milk turned to the other subjects, the general consensus appeared to be that the farmer—in the long run—is concerned not only with the farm operation, but with general economic ills as a whole.

As one man put it, the independent farmer is getting shoved aside by "manipulative monopolies," not only in farming, but in the materials he needs to run the farm.

On that point, Murtha responded that he would look into the extent and scope of the monopolies citing lack of competitive price as well as market manipulation as an outgrowth of such monopolies.

A second major problem cited by other members of the group was the lack of effective, if any, inspection of meat and especially dairy products coming into the markets.

The issue was raised previously during the congressional campaign before the special election in February.

Murtha has already introduced legislation calling for stricter controls, noting: "We can't stop exports. We have to maintain a balance of import-export programs. However, we can see to it that imports meet the standards which the federal government imposes on its own citizens."

In addition, it was pointed out that materials and grains sent to foreign countries come back as lower-priced goods, undercutting American-made products.

Murtha proposed that he and the association as well as others should meet quarterly to discuss the problems and legislation affecting agriculture.

The move was well-received as a greater effort to get back to a grass-roots understanding of specific problems and dilemmas facing persons in the 12th Congressional District.

"We can't solve everything over night, nor can we be concerned with the problems of yesterday or those next week," Murtha said, "rather we must consider the long-range problems that will face us next year and beyond."

He also discussed legislation that will "provide an incentive for young persons to stay on the farm; to provide them with a decent profit and a decent way of life."

After the meeting, Murtha reported that other meetings of the same nature will be held with other groups, such as veterans and businessmen.

Murtha added that in addition to the meetings, offices have been established in the district counties, with one scheduled to open mid-August in Somerset, to decentralize the services.

## AMERICAN DAIRIES DRYING UP

## HON. JOHN M. ZWACH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ZWACH. Mr. Speaker, actions expanding the import of dairy products for the express purpose of depressing domestic price levels have had a severe, adverse effect over the last year and a half. These moves have been major factors in the decline in milk production from about 120 billion pounds in 1972 to a current annual rate of 114 billion pounds.

In the last 90 days, basic milk prices at the farm have fallen \$1.84 per hundred, well over 20 percent. In the face of rapidly rising costs of production, the big price drop can only result in a further exodus of dairy farmers. This, in turn, will further shorten supplies and result in greatly increased prices as the shortened milk supply makes itself felt in the market this fall and winter.

In 1974, imports of 100 million pounds of cheddar cheese and 150 million pounds of nonfat dry milk disrupted the normal marketing patterns and clogged inventory channels prior to the seasonal peak of domestic production. Since April 1, the Commodity Credit Corporation has purchased 72 million pounds of nonfat dry milk. During the second quarter of the year, 114 million pounds of nonfat dry milk was imported into this market.

The inevitable result has been to reduce prices for manufactured dairy products and for milk at the farm. The Congress has, through the dairy price support program and the Federal milk market order program, directed the production of an adequate supply of milk for the markets of this country. This is not being accomplished under current policies and the situation can only worsen if they continue to be pursued.

Mr. Speaker, this is a concern not only of our dairymen. With your permission, I would like to insert into the CONGRESSIONAL RECORD at this point a joint statement by the National Milk Producers Federation, the National Association of Wheat Growers, and the American National Cattlemen's Association on national import policy.

The joint statement follows:

JOINT STATEMENT OF THE NATIONAL MILK PRODUCERS FEDERATION, THE NATIONAL ASSOCIATION OF WHEAT GROWERS, AND THE AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION ON NATIONAL IMPORT POLICY

The National Milk Producers Federation, the American National Cattlemen's Association, and the National Association of Wheat Growers have joint concerns over policies presently being pursued with respect to international trade by our government and the adverse impact these actions have had and can have for major segments of our agricultural economy.

The Congress has long sought to provide the basis for the development and maintenance of a strong agriculture. The success of such efforts is evident in the fact that the productive capacity of U.S. agriculture has permitted our people to be the best fed and the best clothed of those in any nation at

any time in history. This has been accomplished at a lower cost in absolute terms than ever before. In addition to meeting the needs of this market, agriculture has made irreplaceable contributions to the foreign trade posture of this nation and has provided food for markets around the world.

In the course of providing the basis and environment in which domestic agriculture could advance, the Congress has found it necessary to adopt measures to effectively prevent the American market from becoming a dumping ground for excess production of other nations. To this end, Section 22 of the Agricultural Adjustment Act and the Meat Import Act of 1964 have been adopted.

While some have depicted these enactments as measures aimed at the restraint of free international trade, they have a far more basic purpose. They have been designed to further the national policy of promoting a strong agriculture and assuring abundant supplies of domestically produced agricultural products at reasonable prices. The necessity for these measures has been created, not in the United States, but in other countries that have closed their borders or which have sought to remove their surplus production through subsidized exports. The Meat Import Act of 1964, for example, is written in such a way that access to the U.S. market by exporting nations is guaranteed, as contrasted to the embargoes on meat imports that recently were put into effect by the European Economic Community and Japan.

It is disheartening, therefore, to witness the development and execution of a philosophy that runs totally counter to the stated intent of the Congress. Today, significant elements of these measures lie unused or have largely been abandoned. Agricultural interests seeking their enforcement or application have been told that, to do so, would be counter to our interest of seeking expanded trade. They are told that it would be counter to our policy of seeking lower consumer prices and restraining domestic inflation.

At a time when there is growing concern, both in this country and abroad, over the adequacy of food production and the cost of food, there can be no justification for policies which tend to discourage agricultural production. This is the direction which these actions point us toward. American farmers and ranchers are independent businessmen. Their decisions are, and must be, based on economic facts and their assessment of the future as it applies to their industry.

Expanded international trade, if it is truly beneficial to all parties, is a goal to be sought. What has been or is being pursued under our present policies, however, cannot lead in this direction. The United States is today refusing to utilize needed authorities to maintain its domestic industries. By administrative action, the United States is unilaterally granting as much or more than could be expected through the trade talks that would be authorized under the Trade Reform Act. With this in mind, we cannot realistically expect our trading partners to relent in their use of trade limiting techniques.

As an effort to counter inflation, these actions are equally faulty. No action that reduces or limits the incentive or ability to produce can result in the production of adequate supplies of a commodity.

PATRICK B. HEALY,

Secretary,

National Milk Producers Federation.

RAY DAVIS,

President,

National Association of Wheat Growers.

C. W. McMILLAN,

Executive Vice President,

American National Cattlemen's Association.

## OUR CONSTITUTION IN SPANISH

## HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mrs. SCHROEDER. Mr. Speaker, I am today introducing a concurrent resolution to authorize the printing as a House document of a Spanish translation of the U.S. Constitution. I am pleased to say that 58 of my colleagues have joined me in this effort.

As our Supreme Court has so recently reaffirmed, our Constitution is the law of the land for all our citizens. Watergate and impeachment have made constitutional issues matters of everyday conversation. I believe it is particularly important at this time to make copies of the Constitution readily and widely available to everyone. Since there are over 12 million citizens in our country of Spanish heritage, with approximately 6 to 9 million of them speaking Spanish as their primary language, I believe it is our duty, as House Members, to be able to provide these citizens with copies of our Constitution printed in their language.

Mr. Speaker, we all recognize the need for an informed and knowledgeable citizenry. This is particularly true in these troubled times. It is not surprising that our large number of Spanish speaking citizens have caused our Federal agencies to issue and distribute over 100 publications in the Spanish language, and I believe, as House Members, we must not only exercise our responsibilities with regard to impeachment, but we must also exercise our responsibilities in educating the public regarding the process we are undertaking. Obviously, one of the best ways of opening up communications with our Spanish speaking citizens is to reach them in their own language.

One of the most important problems yet to be faced by our Nation is how to adequately deal with the problems of the bilingual and bicultural in the areas of education, employment, housing, and health. This is a problem that can undoubtedly be resolved when it is perceived that it is an asset and not a liability to be knowledgeable in two languages and cultures. One of the greatest natural resources yet to be recognized and tapped is that of our Spanish speaking citizens.

My own district, Denver, Colo., has over a 12 percent Spanish surnamed population. Unfortunately, we do not receive a great deal of mail in Spanish or English from the Spanish surnamed in Denver—a fact that tells me this segment of our population feels left out of the legislative mainstream. I think we in Congress must exert ourselves, reach out to our Spanish speaking constituents, and encourage their active participation in our legislative process. Our role is not simply educational. We must demonstrate our sincere interest in representing this vital segment of our population by reaching out to them in their own language.

I have not doubt that a House docu-



ment in Spanish, especially the Constitution, can be an effective step towards this end. There is no doubt, as well, that a Spanish translation of the Constitution would also be useful to House Members in being able to provide copies for use in bilingual classes, Spanish language classes, and for use in naturalization classes, in addition to meeting the immediate need for a clearer understanding of the impeachment process. Above all, as true Representatives, we can use this effort to provide Spanish translations of our Constitution to increase communications with our Spanish speaking population.

#### PERSONAL EXPLANATION

### HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. VANDER VEEN. Mr. Speaker, on Wednesday, August 31, I was privileged to be an official guest of the Ionia County Fair in Ionia, Mich. This was a very longstanding commitment and was made shortly after I was elected to the House this past February.

I was delighted to visit with those attending the fair—it is one of the big events of the year in our part of western Michigan. However, it was necessary for me to forgo attendance in the House of Representatives on that day. A check of the legislative calendar indicated that my vote would most probably not be needed to sway the result. As it happens, my vote on none of the issues raised on the House floor would have changed any voting results.

I consider it only appropriate, however, that I declare how I would have voted on these issues, and include an explanation of the votes and their totals:

First. House rollcall No. 421—quorum call of House Members.

Second. House rollcall No. 422—386 yeas, 68 yeas, 35 not voting.

Pickle, of Texas, amendment to reject section 3 of the conference report on H.R. 8217. This motion would have stricken the section which will permit 24 States, including Michigan, to continue providing extended unemployment compensation benefits for those qualified. I would have voted "nay" on the motion, and thus voted to continue these important benefits.

Third. House rollcall No. 423—335 yeas, 66 yeas, 33 not voting.

Vote on final passage of Senate Concurrent Resolution, calling for an inflation policy study. I would have voted "yea" in favor of this important economic study.

Fourth. House rollcall No. 424—323 yeas, 83 yeas, 28 not voting.

House vote on final passage of the conference version of H.R. 69, elementary and secondary education amendments. I had already voted in favor of this legislation when it first passed the House. I would have voted "yea" again to help assure this compromise version becomes law.

Fifth. House rollcall No. 425—quorum call of House Members.

Sixth. House rollcall No. 426—194 yeas, 191 yeas, 49 not voting.

Long of Maryland amendment which would require that both Houses of Congress must affirmatively approve nuclear-sharing agreements with foreign powers before they go into effect. I would have voted "yea" on this amendment, as without it the Senate could approve such agreements without approval of the House.

Seventh. House rollcall No. 427—373 yeas, 8 yeas, 53 not voting.

House final passage of S. 3698, the bill which would require congressional approval of nuclear agreements. This legislation will apply to the proposed sharing of nuclear reactors and technology with Egypt, Syria and Israel. I would have voted "yea" on this bill.

#### CYPRUS

### HON. PETER N. KYROS

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. KYROS. Mr. Speaker, I had the honor today to meet with concerned Greek-Americans who congregated on the Capitol steps to demonstrate over the continuing presence of foreign forces in Cyprus. While I fully realize that we are all concentrating on the historic chain of events currently taking place in Washington, we must not forget that the rest of the world still exists and we cannot neglect our responsibilities in foreign affairs.

These Americans of Greek heritage are telling us that the seriousness of the hostilities in Cyprus must not be overlooked, even though we are involved in our domestic crisis. Well over 100 of my colleagues have joined with me in sponsoring a House concurrent resolution calling for the immediate withdrawal of all foreign troops in Cyprus. This resolution was introduced again today with additional cosponsors. There is no doubt in the minds of my colleagues that each day the foreign forces—especially the large number of Turkish troops—remain in Cyprus, the Eastern Mediterranean is brought closer to a wider and more dangerous war.

I regret to say that our Department of State has been too involved in behind-the-scene negotiations, when more direct action is vitally needed. I have written to Secretary Kissinger to urge in the strongest terms that the State Department take a forceful role in halting the Cyprus action. How can the State Department explain their inaction, when two NATO allies are engaged in hostilities against each other. It is shocking to me that NATO equipment, such as airplanes and tanks, supplied by the United States for the self-defense of Turkey is now being used in Cyprus—clearly not in its self-defense. This is in definite violation of the NATO Charter, and is jeopardizing the very existence of the NATO Alliance itself. I therefore repeat that

unless all foreign troops are withdrawn at once, I shall be forced to introduce another resolution, this one calling for an end to all military and economic assistance to Turkey.

At this time, I would like to include the statement of the Cyprus Society of Greater Washington in the RECORD as it was presented to me this afternoon:

STATEMENT OF CYPRUS SOCIETY OF GREATER WASHINGTON, AUGUST 8, 1974

Hon. P. Kyros, J. Brademas, L. Bafalis and P. Sarbanes, G. Yatron:

We, the Cyprus Society of Greater Washington, along with our brethren of the various sister Greek Societies whose officers and representatives are here with us now, hereby express to you our grateful appreciation for your spearheading House Resolution #576, attached herewith, which calls for the removal of all foreign troops from the Republic of Cyprus and the restoration of peace to the island and of the right of self-determination to the Cypriot people. We ask you to also convey our many thanks to your one hundred-odd fellow congressmen who have signed H.R. #576.

We express our thanks to you, Honorable Congressmen, on behalf of the helpless thousands of suffering Greek Cypriots, on behalf of the wounded, on behalf of the relatives of the dead. These ills have befallen these peace loving, industrious people as a result of the dastardly, barbaric, unprovoked act of aggression by the Turkish Armed Forces.

We have here with us a fellow American citizen, Mr. Costas Johannides of 6564 Virginia Hills Ave., Alexandria, Va., 22310, who can relate to you acts of robbery, acts of murder in cold blood, acts of torture by the invading Turks against the native Greek Cypriots, which acts he witnessed.

Our hearts bleed, Honorable Congressmen, but our spirit is deeply angered when we heard that the Turkish army was using American tanks against our brethren (Associated Press Wire Service, 3:00 PM, Sunday, July 28, 1974). This has been an unequal and unfair struggle: forty thousand well equipped Turkish soldiers against unarmed people; they are committing genocide on the island. The Turks are still at it, this very minute, landing more forces on the island and killing more people, almost three weeks after the Security Council of the United Nations adopted Resolution 353 on July 20, 1974, demanding "an immediate end to foreign military intervention in the Republic of Cyprus".

It is most regrettable that our Secretary of State capitulated to Ecevit's gun-point diplomacy and allowed this invasion to take place, on the pretext that this would safeguard the southern flank of NATO by preventing war between Greece and Turkey. So something had to go and Cyprus was sacrificed. This is the Hegelian philosophy of the Nazis, whereby the end justifies the means, a concept totally incompatible with our system of government.

In closing, Honorable Congressmen, we beseech you to continue your efforts to have H.R. 573, adopted by the House of Representatives of the United States of America.

#### SIGNATURES

Andrew S. Tegeris, M.D., President, Cyprus Society of Greater Washington.

Spyro Anthony, Vice President, Cyprus Society of Greater Washington.

Charles Euripides, Executive Committee, Cyprus Society of Greater Washington.

Richard Kyriakos, Executive Committee, Cyprus Society of Greater Washington.

Chris Plato, Executive Committee, Cyprus Society of Greater Washington.

Kyriakos Timotheou, Executive Committee, Cyprus Society of Greater Washington.

George Yiallourous, Executive Committee, Cyprus Society of Great Washington.

Tom Costantinou, Executive Committee, Cyprus Society of Greater Washington.

Eumenios Damon, Executive Committee, Cyprus Society of Greater Washington.

Anastasios J. Tousimis, Ph.D., President, Greek Scientists Society of Washington.

Argyrios Nitrios, President, Roumeliotis Society of Greater Washington.

Berry Michael, President, Gappa Society of Greater Washington.

Mimis Tsintolas, President, Arcadian Society of Washington and National Treasurer, Congress of United Greek American Associations.

Steve Kallegias, President, Epirotic Society of Washington.

Spyros Nitsios, President, Ahepa of Silver Spring.

Theodore Perros, Ph.D., Congress of Greek-American Organizations.

Peter Sillis, Pres., Panepirotic Federation.

#### ADDRESS BY DR. OTIS R. BOWEN

### HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HUDNUT. Mr. Speaker, on July 8, 1974, the Governor of my State, Dr. Otis R. Bowen, addressed the Midwestern Legislators Conference of the Council of State Governments in Indianapolis and in my opinion his remarks sounded a note that persons at all levels of government throughout the Nation should heed.

Dr. Bowen has pointed out the roles that should be played by National, State, and local governments. Over many years the tendency has been for the Federal Government to take over more and more functions that normally belong to the States and local government. However, the National Government has not met with success in solving a variety of problems and, in this connection, the U.S. Congress comes in for some deserving criticism. Today, the impetus seems to be shifting back to the States, and I believe this will serve to the advantage of our Nation in the long run.

The remarks of Governor Bowen are constructive, if critical, and I believe it would be beneficial to my colleagues and others to read them and give thoughtful consideration to the views expressed. Therefore, I include the entire speech as follows:

REMARKS BY THE HONORABLE OTIS R. BOWEN, GOVERNOR OF THE STATE OF INDIANA

It is a pleasure for me to participate in this gathering of State decision-makers. We are pleased that you have come to Indiana and hope that you share in our hospitality and our enthusiasm.

There was a time when the role of States in the Federal system was receding rather rapidly. During a period of a general public thrust toward using government as a vehicle for problem-solving, the States, by and large, were still caretakers. State government stamped permits, issued licenses, collected revenues and poured cement. Therefore, the national government, and to a lesser extent the large cities, emerged as the power centers within the Federal system.

Today, for a variety of reasons, I believe the impetus is shifting back to the States. In attempting to explain this development, some people unfortunately have manipulated the issues to substantiate certain political

motives, or to bolster the case for a particular point of view they are trying to sell, although it may have little actual relationship to federalism or its problems.

I believe it is time to recognize some rather serious problems in the governmental system. It is not enough to attempt to change the focus of power whenever one element of the system becomes stagnant or unresponsive. The federal system relies upon a partnership of Federal, State and local entities. When one partner falters, it should and must be of concern to the other partners. It is neither practical nor desirable to kick the ailing partner out of the picture, or to attempt to cover for him and his responsibilities in a necessarily haphazard fashion.

The Federal partnership was created because of a belief that certain issues are local enough in scope to make local action desirable. Certain others were assigned to the State level, in the belief that a regional entity was better suited to solve common problems, or because a State government could bring more resources to bear than local governments acting singly, or in concert. There also was a recognition that certain issues are national in scope and may only be addressed in a national forum and resolved through central government mechanisms.

Over a period of years, again for a variety of reasons, the system has gone out of balance and the National Government has assumed a disproportionate role in our Federal destiny. State and local governments were at least partly to blame for this erosion of power, due to their too long outmoded structures.

However, serious flaws have emerged in the operations of the National Government apparatus. Too often in recent years the result has been contradiction, confusion, inaction, or—very simply, bad policy, as a result, the central, National Government has become the ailing partner in the federal system.

I believe there are four basic reasons for the recent and recurring failures of the National Government to face or resolve pressing national issues.

First, it was an underlying philosophy of the federal system that the Nation is a diverse union of people and landscape. There are vast differences in culture, in population distribution, in availability of natural resources, in economy, in geography and geology.

But the trend in Congress and in Federal administrative agencies has been to ignore this diversity or submerge these very real local and regional characteristics into arbitrary and standardized policies of implementation. I will grant that this procedure of "human homogenization" works to the convenience of the Federal officials administering programs. But it has a warping effect upon the nation, its component regions, and its people.

From a legal point of view, it is often easier to pursue courses of standardization. And we don't want the result of an understanding of regional differences to become translated into favoritism or neglect. But this cozy packaging of supposed solutions into arbitrary national guidelines and policies is having a detrimental impact when it is applied in specifics.

Too often in recent years, public officials have engaged in rather empty debates about who should deal with certain problems, when the central issue should have been whether or not Government even need be involved. The clamor for Government intervention, either as the result of perplexing problems or pressure from affected interests, has been booming for several decades. It is high time to recognize that Government simply makes a rather bad job of certain functions and ought not seek to run them.

The failures are magnified by the spin-off effects into other sectors. Quite often, the idealistic programs are themselves destroyed

through bad mechanics, inequities in application, and distortion of economic and social processes.

A discussion of Federal issues cannot gloss over the rather serious problems of the United States Congress. Congress is a necessary and vital element of the Federal system. But institutional and political forces have brought about a serious impairment of the ability of Congress to respond to national issues. Congress does not solve problems, it merely disposes of them in a manner convenient to its processes.

Under the Federal constitution, Congress is clearly identified as the monitor and custodian of issues relating to interstate commerce. And while we have all seen the commerce clause stretched to the point of encompassing university football recruiting policies, we haven't truly seen Congress address and resolve the basic and recognizable issues of interstate commerce.

Congress postponed action on the eastern rail reorganization to an extent that makes any good resolution of that problem an extremely chancy proposition. Congress disposed of the railroad problem. It passed a law, it cleared its calendar to move on to something else. But its action has not solved the problem, and court decisions of recent days may have rendered meaningless the gestures it made.

Energy is clearly within the purview of interstate commerce, which establishes a pre-eminent congressional role in the resolution of the energy crisis. Yet the Congressional Record on energy is one of indirection. It is quite clearly the responsibility of Congress to write a national energy policy, yet Congress has engaged in constant maneuvers to avoid that duty.

Unfortunately, since Congress holds the reins on so much federal power, meaningful reform of its policymaking processes will come only when and if Congress itself decides to initiate it.

Finally, there are so many Federal agencies wielding so much power for which there is little accountability that major policy decisions are in the hands of unresponsive Federal officials. The situation is compounded by the fact that independent action by one group of bureaucrats contradicts the independent action of another group of bureaucrats. We have numerous agencies with a stake in every issue, yet they independently pursue their own objectives, looking only at their own laws and procedures, blind to the impact of their actions upon the remainder of government, or more importantly to the people.

Furthermore, it is not enough to see the printed results of congressional action. We must await the administrative regulations and guidelines produced by the agencies who carry out the congressional intent. Quite often, those administrative rules substantially expand the plain word understanding of the duties conferred. While Congress has initiated procedures to evaluate whether or not its intent is implemented, the procedures are inadequate. They are not improving the situation.

The remarkable result of all these national governmental machinations is to force State and local government to petition the collective Federal agencies for a reasonable return of their own money. But the federally administered programs which return that money are so contorted that it is exceedingly difficult for State and local government to spend them as effectively as they could have—had State and local government collected the revenues themselves.

As I mentioned earlier, a simple shuffling of power among the units of government will not provide a solution. Each of the elements is essential to the overall public good, and each must function in reasonably smooth order.

Recently, at the National Governor's Con-



ference, we saw ample evidence that the state of the States is markedly improved. State governments are more capable and more involved than ever before, and I believe this has sparked creative approaches to the needs and problems of our people.

For the most part, States have undertaken the necessary administrative reforms to enable us to deal intelligently and effectively with a greater range of public issues. We have seen recent examples of State leadership: ethics legislation is well advanced at the State level, while still largely non-existent at the Federal level.

The States have provided the lion's share of leadership in dealing with the energy crisis, especially in the furtherance of the conservation effort, and the Federal trade commission, in its evaluation of the Federal energy office, said that the Federal fuel allocation program stayed afloat largely because they put their backs into making a questionable system work, and devised their own mechanisms to overcome the deficits.

Our State agencies have a better grasp of the implementation and impact of Federal programs than do many of the proponent and State administrative agencies must carefully avoid getting into the habit of acting like their Federal counterparts.

By and large, there is better communication among State agencies and between governor's offices and legislatures than exists at the national level. We must preserve that spirit and foster that cooperation if we are to avoid some of the characteristics we criticize in other governmental institutions.

We must be careful not to make State administrative structures carbon copies of the national system. We are under pressure from Federal agencies to restructure our agencies to conform to the composition of their agencies. They are convinced that theirs is the best way. It is also more convenient for Federal officials to deal with State agencies similarly constituted.

I do not believe that States should be constructed to suit the convenience of Federal officials, and I am becoming weary of Federal programs which require us to create or reform agencies along certain lines in order to qualify for Federal funding.

We must watch closely the evolution of the Federal regional councils and regional offices of major Federal agencies. Are they creative federalism at work, or are we unknowingly creating another level of government? We have been sold on the idea that Federal regional agencies can expedite administrative work. Is that what is really happening? I think you can find evidence both ways. It is becoming obvious that regional councils are seeking greater governmental identity, and that is a disquieting development. What is today's expediting mechanism could become tomorrow's barrier—a new level of government that will compound our communications problems and further impair our efficiency.

The state of the States is healthier. We are more invigorated than at any time in recent history. Prudently and responsibly, we should press forward. There are responsibilities we can and should take on. We must become active participants in helping restore the balance of the Federal system. We must prod for meaningful reform and streamlining of the national government.

AN AMENDMENT BY MR. FAUNTROY  
TO H.R. 16136

**HON. WALTER E. FAUNTROY**

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FAUNTROY. Mr. Speaker, on August 9 I will offer the following

amendment to H.R. 16136, Military Construction Authorization.

On page 31, insert after line 2, the following:

"Sec. 403. P.L. 93-166 is hereby amended by deleting therefrom section 610 (87 Stat. 661, 682)."

## REPRESENTATIVE REUSS ON THE ECONOMY TODAY

**HON. HENRY S. REUSS**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. REUSS. Mr. Speaker, at the 11th weekly National Town Meeting held yesterday at the Eisenhower Theater, Kennedy Center for the Performing Arts, I spoke on the economy today.

My remarks follow:

### THE ECONOMY TODAY

(Remarks of Representative Henry S. Reuss of Wisconsin)

The United States is coming very close to its worst economic disaster since the Great Depression—our second recession in five years; a double-digit inflation, the kind we used to watch with horror in Latin America; a severe credit crunch.

As any Congressman who has talked with his constituents can tell you, people are rapidly losing confidence in the ability of their government to order the economy.

The Administration's answer to our economic troubles is more of the "old-time religion" which has brought us to our present pass—tight money, tight budgeting, a refusal to change the present inequitable tax structure. The rest is silence.

Meanwhile, labor militancy threatens us with a new round of cost-push inflation. Strikes by public and private employees for higher wages have risen dramatically during the second quarter of this year, and new contracts have been providing for first-year wage settlements of almost 9 percent.

The trouble is that while workers certainly have ample cause for grievance (their wages were held down to a 6 percent rise in 1973, while prices have shot up almost 12 percent), the inflation which excessive wage increases would exacerbate will just make life more difficult for the average American.

How to do right by labor and by the economy?

Two weeks ago, House Democrats adopted an economic program based on a social contract between the government and the average citizen, in which the government pledges to concern itself sincerely with the economic problems of most Americans—the cost of living, jobs, and taxes.

With the government back on their side, American workers would have every incentive to contribute to the fight against inflation by moderating their wage demands in the months ahead. If we can avoid the twin dangers of a wage-induced cost-push inflation on the one hand, and of a sluggish recession-prone economy on the other, we could get back on the road to economic recovery that will benefit us all.

These are the main elements of a social contract:

1. We must attack the rising cost of living through expanding supply and allocating credit.

Even with high inflation, the Administration has, incredibly enough, often restricted supplies of food and basic commodities—driving up prices still further. Today, just when needed imports of Australian beef are beginning to get the price of hamburger under control, the Administration's agents are over in Australia trying to get the Aus-

tralian to send their beef elsewhere. Another branch of the Department of Agriculture is busy trying to raise the price of American beef by buying it up for storage.

To top it off, the Administration is still actively subsidizing the exports of basic commodities that are scarce here at home—scrap, lumber, fertilizer, oil drilling equipment.

We must reverse this shortsighted policy of restricting supply.

The government could also fight inflation more successfully if instead of merely restricting the total supply of money and credit, it allocated credit toward essential and non-inflationary uses, and away from inflationary uses.

Keeping the total money supply within bounds makes no sense if in the process too little credit gets directed to interest-sensitive essential needs such as productive capital investment, low- and moderate-income housing, state and local government, small businesses and farms, and too much credit gets diverted to inflationary uses where the opportunity for high profits makes high interest rates irrelevant—such as speculative real estate loans, loans for building up supply in anticipation of future price rises, loans for conglomerate takeovers.

Under the 1969 Credit Control Act, the President is authorized to allocate credit in order to restrain inflation. He should exercise this power at once.

The cost of living is one item deeply affecting the worker. Unemployment is another. With the inflationary winds blowing, obviously the wrong way to fight unemployment is to increase the budget deficit endlessly. Long before people are put to work, inflation will simply have accelerated.

The second element in the social contract, therefore, is to fight unemployment directly through a substantial program of public service jobs.

Useful work needs to be done—in education, health, public safety, mass transport, pollution control, day care, building bicycle trails, rebuilding Amtrak's tracks.

Public service employment is the least costly and the least inflationary way to provide jobs. The cost of creating 500,000 such jobs—enough to take care of 10 percent of the unemployed—would be under \$4 billion a year, an amount that should be recouped through cutting an equivalent amount of the swollen military budget.

The third element in the social contract is a redistribution of the tax burden—tax relief for the lower income worker, matched by an equivalent amount of revenue-raising loophole-plugging tax reform. The lower income two-thirds of the nation has been badly disadvantaged in recent years. Unemployment, inflation, high taxes have actually worsened their relative position.

Low-income taxpayers need relief not only from the standpoint of equity. Real consumer purchasing power has actually decreased in the last year. Adequately maintained consumer purchasing power, through tax relief rather than through the massive wage increases now being demanded, would prevent recessionary forces from accelerating without building new cost-push inflation into the structure.

Thus the social contract: let the government deal fairly with working people on prices, jobs and taxes, and the chances are that they will deal fairly with their government.

The social contract recognizes the need for responsible restraint in budget policy and money policy, but it concentrates on the composition rather than the totals—on allocating scarce credit away from inflationary uses and toward anti-inflationary uses; on funding a massive public service jobs program by cutting other sections of the budget; or matching tax reform with tax relief so that there is no net budgetary impact.

In short, the "old-time religion" must be humanized if we are to meet the twin enemies of inflation and recession.

# JUSTICE DEPARTMENT SHOULD KILL MOBIL-MARCOR MERGER NOW

## HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. OWENS. Mr. Speaker, early in June 1974, the Mobil Oil Corp. disclosed that it was considering plans to acquire Marcor, Inc. This week Mobil revealed that it will make a tender offer to acquire control of Marcor for a price in excess of \$800 million, making the merger the costliest in the history of the United States. This purchase price does not begin to reflect the staggering costs to the consumer if this merger is consummated. I believe the merger works against national policies designed to control rampant inflation. It appears to be in violation of antitrust laws. Finally, this merger will have a definite impact on prices paid for petroleum products and could endanger this Nation's goal of achieving independence in the energy field.

Mobil is the Nation's third largest oil company. Mobil's 1973 sales of \$11.4 billion made it the Nation's seventh largest industrial corporation. In fact, Mobil is the eighth largest industrial corporation in the world—a true multinational, multiproduct, multimarket corporation.

In 1973, Marcor had \$4.1 billion in sales and earned \$97 million. Marcor itself is a large conglomerate formed by the 1968 merger of Container Corp. of America and Montgomery Ward & Co., Inc. In 1973, only the largest 25 industrial corporations had sales in excess of Marcor's \$4 billion.

In the Mobil takeover of Marcor, then, we have one business goliath swallowing another. Neither Mobil nor Marcor is exactly a small business. But this merger is being justified to us by casting both Mobil and Marcor as pygmies. Mobil, for example, has claimed that its expenditures of nearly \$1 billion in this transaction will not affect its oil and gas exploration activities or the prices of petroleum products purchased by the public. Of course Mobil's present allocations of funds for exploration and development will not be affected—they were budgeted and programmed years ago. The recent announcement by Mobil that they had constructed a large new refinery comes under the same category. It takes 3 to 5 years to plan and construct a new oil refinery, so the inordinate profits made during the energy crisis had no bearing on this decision.

Recent record profits flowing from shortages of crude and refined oil products are not being used to reduce these shortages as oil companies claim. The nearly \$1 billion being spent by Mobil does not increase the Nation's supply of crude or refined oil products at all. Moreover, the placing of \$1 billion of cash

or credit into circulation at this time does nothing to curb inflation.

In short, the oil industry is calling upon the Congress to preserve the oil-depletion allowance as a necessary incentive to oil and gas exploration. At the same time they are seeking tax credits on the theory that further economic incentives are needed to expand exploration and production of oil and gas. The facts are that continued windfall profits and tax credits are being plowed into ventures unrelated to increasing our energy supplies, ventures which fan the fires of inflation and which, ultimately, will mean higher prices for everything from gasoline to overalls.

Marcor, at present, is the Nation's fourth largest nonfood retailer, ranking behind Sears, Roebuck & Co., J. C. Penney, and S. S. Kresge Co. It is difficult for me to see how competition in retailing will be aided, as Mobil claims, by Mobil's transfusion of its "strengths" into Marcor. This merger is a clear threat to small and medium merchants everywhere with respect both to the amount of competition that they can continue to offer and to the manner in which they can compete.

Mobil's acquisition of Marcor violates legislative prohibitions on rises in economic concentration by merger, and, if successful, can only be viewed as a "trigger" for other similar mergers and rises in economic concentration through merger by giants in or out of the oil industry. This would be no mere "rising tide of economic concentration," but, indeed, a veritable flood.

Mr. Speaker, I am extremely concerned about the inaction of the Justice Department in this proposed merger. It has been reported that they are "looking into" Mobil's planned acquisition. The antitrust and anticompetitive implications of this venture are so obvious that I am wondering how long one must look before definitive action is taken to nip this in the incipient stages. Vigorous enforcement of the antitrust laws is imperative to stop this most recent example of raw economic power in action.

Since I am afraid that the "bigness is not necessarily bad" syndrome still prevails in this administration, I have written a letter to the Attorney General to immediately challenge the proposed merger. It just does not make sense to talk about the need for tough enforcement of antitrust statutes one week, while permitting the parties in this case to proceed on their way unquestioned. Have the two principals been given a surreptitious green light to proceed?

Some answers are due from the Justice Department. Mr. Speaker, the letter to the Attorney General follows:

HOUSE OF REPRESENTATIVES,  
Washington, D.C., August 8, 1974.

Hon. WILLIAM SAXBE,  
Attorney General,  
Department of Justice, Washington, D.C.

DEAR MR. ATTORNEY GENERAL: The announcement this week that the Mobil Oil Corporation and the Marcor Corporation had reached final agreement on the terms of their proposed merger makes it imperative that the Department of Justice take immediate steps to indicate its disapproval of this takeover while it is in its incipient stages.

Since June, when Mobil announced its intent to seek control of Marcor, the Justice Department has been looking into the merger. The anticompetitive implications of the Mobil takeover, coupled with your Department's recent statements that vigorous enforcement of antitrust laws would be an important part of the fight against inflation, lead me to believe that aggressive action on your part to dissuade the merger is long overdue.

The public interest cannot be served by continued inaction. As the principals in this merger become more and more entrenched in their positions, the options remaining to the Department decrease commensurately.

I would appreciate your early views on this matter.

Sincerely,

WAYNE OWENS.

## U.N. LAW OF THE SEA CONFERENCE

### HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FRASER. Mr. Speaker, I would like to call to the attention of our colleagues an address at the U.N. Law of the Sea Conference in Caracas on July 11 by the head of the U.S. delegation, Ambassador John R. Stevenson. In this statement of policy, the United States makes clear its willingness to accept, as part of a package of treaty provisions, a 12-mile territorial sea and a 200-mile zone of coastal state jurisdiction over economic resources. Other components of the package would be "a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of straits used for international navigation."

Ambassador Stevenson's statement expresses support for some sharing of coastal state revenues in the economic resource zone with developing countries. He goes on to say that those developing countries "should not expect that sharing in the benefits from deep seabed hard minerals alone could make a significant contribution to their economies." I would agree that developing countries should not rely too heavily on seabed revenues for development, but I do hope that Ambassador Stevenson's statement does not indicate a low priority of U.S. interest in trying to maximize revenue sharing for economic development assistance.

In the area of the international deep seabed regime beyond national jurisdiction—the area known as "the common heritage of mankind"—here, too, I would hope that U.S. policy would show consideration for the poor countries.

There should be a licensing system which would allow a reasonable share of the good seabed mining sites to be exploited by countries other than those most highly industrialized at the present. I am uncertain as to whether the U.S. position would facilitate this. On this point, Ambassador Stevenson prefers that the seabed regime grant operating licenses for "nondiscriminatory access." It is encouraging, though, that he continues to favor a regime "that provides for the sharing of the benefits of exploitation with other states."



The United States wisely gives high importance to duties and standards of individual states, especially within the proposed 200-mile zone of coastal state economic resource jurisdiction. Our position asks, therefore, that within that zone, coastal states should be required to permit freedom of navigation by other states, as well as to adhere to international environmental standards. The United States is also insisting on a system of compulsory third-party settlement of ocean disputes among nations which could make "an enduring contribution to a new structure for peaceful relations among states."

Ambassador Stevenson emphasizes the importance of the treaty defining duties and obligations in the ocean by saying:

There is already a very general agreement on the limits of the jurisdiction of coastal states and the seabed authority provided we can agree on their corresponding obligations. It is the negotiation of these duties that should be the main thrust of the negotiations this summer.

I insert the full text of the address in the RECORD at this point:

[Press Release, Department of State]

ADDRESS BY AMBASSADOR JOHN R. STEVENSON

Mr. President, Distinguished Representatives: first of all, I want to express on behalf of my Delegation our sincere thanks to the Venezuelan Government for the splendid arrangements it made for the Conference and for us. It is truly a miracle that since the invitation was extended by Venezuela and accepted by the General Assembly of the United Nations in December, all the preparations should have been carried out so efficiently, with such careful attention to our needs and our comfort.

*Three Auspices of a Successful Conference.* Mr. President, the practical and favorable working conditions which the Venezuelan Government has so graciously provided are the first of three auspices of a most successful conference. The other two are the adoption on schedule by consensus of the rules of procedure, and second, the constructive, moderate tone and the developing consensus on substance reflected in the statement given in the last two weeks.

*Adoption of Rules of Procedure.* The adoption of the rules of procedure on schedule by consensus was significant because these rules are a reasonable accommodation between those who wished to avoid premature voting and those who were concerned about undue delay. It was also significant, Mr. President, because it showed what inspired, firm and sensitive leadership; as provided by you, Sir, can do in reconciling differences and leading us to a generally acceptable result. You have set a high standard for our committee chairman, but knowing and respecting all of them as I do, I am convinced that the team of Engo, Aguilar, Yankov and Beesley will live up to this challenge. The conference has selected its leadership with care and great wisdom.

*Moderate and Constructive Tone of General Debate.* Our delegation has noted with a growing sense of appreciation and optimism for the future, the generally moderate, constructive tone of the statements made in the course of the last two weeks. Only very few delegations have departed from this general pattern, misrepresenting past events and the present positions of some delegations, including our own.

We are not here to engage in mutual recriminations. We must roll up our sleeves and get down to the practical business of drawing up a generally acceptable constitution for the oceans before disputes over conflicting uses of the same ocean space and

unilateral action by individual states put such agreement out of our reach.

*Growing Consensus on Limits of National and International Jurisdiction.*—In the course of listening to and reading the statements made during the last two weeks, I have been struck by the very large measure of agreement on the general outlines of an overall settlement. Most delegations that have spoken have endorsed or indicated a willingness to accept, under certain conditions and as part of a package settlement, a maximum limit of 12 miles for the territorial sea and of 200 miles for an economic zone, and an international regime for the deep seabed in the area beyond national jurisdiction.

The United States has for a number of years indicated our flexibility on the limits of coastal state resources jurisdiction. We have stressed that the content of the legal regime within such coastal state jurisdiction is more important than the limits of such jurisdiction. Accordingly, we are prepared to accept, and indeed we would welcome general agreement on a 12-mile outer limit for the territorial sea and a 200-mile outer limit for the economic zone provided it is part of an acceptable comprehensive package, including a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of straits used for international navigation.

There remain two issues with respect to the limits of coastal state economic jurisdiction beyond 200 miles with which the Conference must deal: jurisdiction over the resources of the continental margin when it extends beyond 200 miles and jurisdiction over anadromous fish such as salmon, which originate in coastal rivers but swim far out into the ocean before returning to the stream of their birth to spawn and die.

A number of states have expressed the view that under the continental shelf convention and the continental shelf doctrine of customary international law as interpreted by the International Court of Justice, they have rights over the resources of the continental margin and that they will not accept any law of the sea treaty which cuts off the rights at 200 miles.

Other states are reluctant to reduce the common heritage of mankind by recognizing coastal state jurisdiction beyond 200 miles. Still others, including the United States, have suggested an approach which gives coastal states the limit they seek, but provides, through uniform payments of a percentage of the value of production, for the sharing by other states in the benefits of the exploitation of the nonrenewable resources in part of the area. This would seem to be an equitable basis for an accommodation.

With respect to salmon, the views of my country are well known. This species of fish depends for survival on the maintenance at considerable economic cost of a favorable environment in coastal rivers and streams, and can effectively be conserved and managed only if caught, when returning to the fresh waters of its origin, in the internal waters, territorial sea or economic zone of the host state. The very survival of this species of fish may depend on the action we collectively take at this conference.

*Consensus on limits of national and international jurisdiction is conditional on the nature of coastal and international regimes within these limits.* The statements to date make clear that in the case of a large number of states whose agreement is critical for an effective, generally acceptable treaty, the growing consensus on the limits of national jurisdiction, i.e., a maximum outer limit of 12 miles for the territorial sea and of 200 miles for the economic zone—is conditional on a satisfactory overall treaty package and, more specifically, on provisions for unimpeded transit of international straits and a balance between coastal state rights and duties within the economic zone.

*Territorial Sea.* With respect to the coastal states' right to establish a territorial sea of up to a maximum of 12 miles, it is the view of many delegations, including our own, that general recognition of this right must be accompanied by treaty provisions for unimpeded passage through, over and under straits used for international navigation. The formulation of treaty language which will maintain a nondiscriminatory right of unimpeded transit while meeting coastal state concerns with respect to navigational safety, pollution and security will be one of the second committee's most important tasks.

*Economic Zone.* Our willingness and that of many other delegations to accept a 200-mile outer limit for the economic zone depends on the concurrent negotiation and acceptance of correlative coastal state duties.

The coastal state rights we contemplate comprise full regulatory jurisdiction over exploration and exploitation of seabed resources, nonresource drilling, fishing for coastal and anadromous species, and installations constructed for economic purposes.

The rights of other states include freedom of navigation, overflight, and other non-resource uses.

With respect to the zone as a whole, we contemplate coastal state duties to prevent unjustifiable interference with navigation, overflight, and other non-resource uses, and to respect international environmental obligations. With regard to the seabeds and economic installations, this includes respect for international standards to prevent interference with other uses and to prevent pollution. With regard to fishing, this includes a duty to conserve living resources.

For the seabeds, we also contemplate a coastal state duty to observe exploration and exploitation arrangements it enters into.

For fisheries, to the extent that the coastal state does not fully utilize a fishery resource, we contemplate a coastal state duty to permit foreign fishing under reasonable coastal state regulations. These regulations would include conservation measures and provision for harvesting by coastal state vessels up to their capacity and could include the payment of a reasonable license fee by foreign fishermen. We also contemplate a duty for the coastal state and all other fishing states to cooperate with each other in formulating equitable international and regional conservation and allocation regulations for highly migratory species, taking into account the unique migratory pattern of these species within and without the zones.

The negotiation and elaboration of these duties is a critical responsibility of the second committee.

With respect to the related assertions by a number of states of coastal state plenary jurisdiction over scientific research and vessel-source pollution throughout the economic zone, the statements made clear that the willingness of many delegations, including my own, to negotiate on the basis of conditional acceptance of a 200-mile economic zone does not include acceptance of a requirement of coastal state consent for scientific research and coastal state control over vessel-source pollution within the zone.

For our part, we believe that, as an alternative to coastal state consent, a series of obligations should be imposed on the researcher and his flag state to respect coastal state resource interests in the zone. The obligations would include advance notification, participation, data sharing, assistance in scientific research technology and in interpretation of data, and compliance with applicable international environmental standards.

Vessel-source pollution presents a troublesome problem to the entire international community, including coastal states. At the same time, interference with freedom of navigation must be prevented. We believe international standards enforced by flag and port states, with provision for specific ad-

ditional coastal state enforcement rights, can accommodate these legitimate interests. In this connection, we believe the coastal state may be authorized to take enforcement action in emergencies to prevent imminent danger of major harmful damage to its coast, or pursuant to a finding in dispute settlement that a flag state has unreasonably and persistently failed to enforce applicable international standards on its flag vessels. Of course, flag and port states would retain their right to set higher standards.

While important differences in our positions remain to be resolved in this session, we are heartened as we embark in these negotiations by the realization that most states want to ensure both effective prevention of vessel-source pollution and protection of navigational freedoms.

We hope that the third committee can make major progress in producing agreed articles on these scientific research and pollution questions.

*International Seabed Regime Beyond National Jurisdiction.* Just as coastal state rights within the zone must, if we are to reach agreement, be balanced by duties, the international authority's jurisdiction over the exploitation of the deep seabed's resources—the common heritage of mankind—must be balanced by duties that protect the rights of individual states and their nationals—most critically in our view their right to nondiscriminatory access under reasonable conditions to the seabed's resources on a basis that provides for the sharing of the benefits of their exploitation with other states.

The statements made do indicate that there are substantial differences among us in our interpretation and proposed implementation of the common heritage principle. Both developing and developed countries have many aspirations concerning the common heritage; in some cases these are in harmony and in others they are not. My delegation believes that on a variety of issues which seem on the surface to present a wide gulf we are closer together than we think. Let us employ every possible method of work to ensure that we find these points of harmony and proceed at once to reflect this harmony in draft articles. This we believe is the principal task before the first committee at this session.

*Interest of Landlocked and Geographically Disadvantaged States.* Most prior speakers have referred to the desirability, indeed the necessity, of providing special benefits in a comprehensive Law of the Sea treaty for the landlocked and geographically disadvantaged states. The most widely supported proposals are that landlocked states' right of access to the sea and special rights in the fisheries of adjacent coastal states be recognized.

Although these recommendations do not directly affect the United States, we applaud coastal states' willingness to provide these benefits as part of an overall equitable and widely acceptable settlement and, we will, of course, support such provisions.

Much more controversial is the proposal of some landlocked and other geographically disadvantaged states that they participate in the benefits of the exploitation of non-renewable resources—principally petroleum and natural gas—of the continental margin, either through a direct right of access to neighboring coastal states' continental margins or by the establishment of limits of coastal state jurisdiction that will keep some of the continental margin outside of coastal state control and within the common heritage.

It is my delegation's view that, as part of a satisfactory and widely acceptable treaty, an equitable and perhaps the most practical accommodation in this area may well be to provide for coastal states' exclusive rights in the continental margin, but also to provide for international payments from min-

eral resources at a modest and uniform rate in the area beyond 12 miles or the 200 meter isobath, whichever is further seaward. These payments would be used primarily for developing countries, including developing landlocked and other geographically disadvantaged states. Landlocked and other geographically disadvantaged states should not expect that sharing in the benefits from deep seabed hard minerals alone could make a significant contribution to their economies.

*Compulsory Dispute Settlement.* Mr. President, my government believes that any law of the sea treaty is almost as easily susceptible of unreasonable unilateral interpretation as are the principles of customary international law. This is particularly true when we consider that the essential balance of critical portions of the treaty, such as the economic zone, must rest upon impartial interpretation of treaty provisions. One of the primary motivations of my government in supporting the negotiation of a new law of the sea treaty is that of making an enduring contribution to a new structure for peaceful relations among states. Accordingly, we must reiterate our view that a system of peaceful and compulsory third-party settlement of disputes is in the end perhaps the most significant justification for the accommodations we are all being asked to make.

*Objectives for the Caracas Session.* It is the view of my delegation that the conference should strive to adopt an entire treaty text this summer. What is required to do so is not so much technical drafting as the political will to decide a relatively small number of critical issues. Once these decisions are made, the number of treaty articles required to implement them for the territorial sea, straits and the economic zone would not be large. The deep seabed regime will require more articles, and the first committee should concentrate on the preparation of agreed articles whenever this is possible.

What an electrifying and heartening development it would be for the international community, and what a deserved tribute to our Latin American host, if we could adopt an agreed text this session!

If we do not at least try to reach agreement on the treaty this summer, we may well not even achieve the basic minimum required to finish next year and in the interim prevent further unilateral action prejudicial to the success of the conference.

The minimum objective for Caracas, as we see it, is to complete treaty texts on most, if not all, of the critical articles—the territorial sea, straits, the economic zone, the seabed regime and the authority's functions, pollution from ocean uses, and scientific research. To achieve this objective, it is critical to recognize now that neither a statement of general principles, nor articles which define the rights of coastal states and of the seabed authority without defining their corresponding duties, would be satisfactory, or indeed at all acceptable, to a number of delegations including our own.

As I indicated at the outset there is already a very general agreement on the limits of the jurisdiction of coastal states and the seabed authority provided we can agree on their corresponding obligations. It is the negotiation of these duties that should be the main thrust of the negotiations this summer.

This is not, as some delegations have implied, an attempt to destroy the essential character of the economic zone—to give its supporters a judicial concept devoid of all substantive content.

On the contrary, the coastal states' exclusive control over the nonrenewable resources of the economic zone is not being challenged. In the case of fisheries, coastal state management and preferential rights over coastal and anadromous species would be recognized. The principle of full utilization will ensure

that renewable resources which might not otherwise be utilized will give some economic benefit to the coastal state and help meet the international community's protein requirements. Agreed international conservation and allocation standards for the rational management of tuna should in the long run benefit coastal states which seek to engage in fishing these species and would maintain the populations of the tuna that migrate through their zone. Finally most states are prepared to agree to coastal state enforcement jurisdiction with respect to resource exploitation within the economic zone.

Gentlemen, we have come to Caracas prepared to negotiate on these critical questions. They are not merely the legal fine print to be filled in once general principles have been agreed, but the very heart of the conditional consensus we are well on the way to achieving. Years of preparation have brought us to the moment when we must complete the task that we have undertaken. We must not let this opportunity pass.

Thank you, Mr. President.

## WASHINGTON REPORT—AUGUST 1974

### HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, in this month's Washington Report I am releasing the results of this year's questionnaire as well as my comments on impeachment. For the information of all who read the CONGRESSIONAL RECORD, here is the report:

#### WASHINGTON REPORT

(By Congressman BILL STEIGER)

#### SIXTH DISTRICT POLL

(How You Answered, May-June 1974)

1. Should our clean air laws be eased temporarily during the energy shortage? Yes 48%, No 48%.
2. Do you favor year-round day-light saving time? Yes 58%, No 40%.
3. Should federal election campaigns for President, Senate and House be financed from public tax revenues? Yes 34%, No 59%.
4. Which 3 of the following do you consider to be the most critical problems facing the Nation today?
  1. Cost of living, 74%.
  2. Government corruption, 60%.
  - Health insurance, 12%.
  - Housing, 3%.
  3. Crime, 39%.
  - Education, 7%.
  4. Tax reform, 35%.
  - Unemployment, 7%.
  5. Energy crisis, 33%.
  - Environment, 12%.

Dear Friend:

In the past two weeks, the American people have witnessed a series of events that would have been inconceivable a short time ago.

Under a unanimous order of the Supreme Court, the President was compelled to release the secret tape recordings because they contained material concerning alleged criminal activities. The Judiciary Committee of the House of Representatives, with the support of 7 respected Republicans, voted three articles of impeachment. On Aug. 5, President Nixon acknowledged he had not only ratified the coverup, he took part in the planning that led to an obstruction of justice and he then concealed this information from the Judiciary Committee.

How sad for the members of the Judiciary Committee that he put them in a position



of arguing his case when important evidence was withheld from their deliberations. A coverup of criminal conduct, an obstruction of justice, and a deception on the American people and Congress cannot be tolerated.

In reading the evidence in recent weeks, I asked myself how did this Administration come to such activities? The great achievements in foreign policy, the promise of transferring greater authority to the states and localities, the respect for rights of privacy—all undermined by the abuse of power.

It is a tragedy, not just for Richard Nixon, but for all of us, to witness the decline of an Administration as a result of its own misconduct. The Nixon presidency showed the potential for greatness, and the American people recognized that potential in 1968 and 1972. But the American people did not delegate to the President the authority to set aside the Constitution.

The House Judiciary Committee has rightly said: The President of the United States must be faithful to his oath of office. President Nixon has sadly failed to meet this constitutional obligation. I shall thus cast my vote for impeachment.

#### ACADEMY COMPETITION STARTS NOW

Next year the 6th District is assured of at least one vacancy at each of the U.S. military academies—West Point, Annapolis, Kings Point and Colorado Springs.

Members of Congress may designate 10 nominees for each vacancy. The competition is open to single men who have not passed their 22nd birthday by July 1, 1975, and to young women who are interested in the Merchant Marine Academy at Kings Point, N.Y. Application forms may be obtained now from my Washington office.

Nominees for our District are chosen by a 14-member Commission on Congressional Appointments.

#### POLL RESULTS

From your replies to my recent questionnaire, it's clear that the cost-of-living and government corruption are the most critical areas of concern. I agree. Our primary goals remain—the arrest of inflation and the restoration of confidence in government.

On a less urgent issue, I am also interested to find that you continue to support year-round daylight saving time (58%)—a one-point higher vote than last year. And again, over 20,000 of you returned the postcard. I am grateful for your willingness to respond.

#### CONGRESSIONAL BUSINESS FOR AUGUST/ SEPTEMBER

In the 8 years I have been in Congress there has never been another period of legislative activity quite like this. It no longer seems unusual for a session to run past midnight or for a Conference meeting to break up just in time for breakfast. But some good has resulted.

To the amazement of many, for the first time ever, we are setting up the new Congressional Office of the Budget. The House Committee members, also for the first time, will have rotating membership. The new budget reform law, now in effect, will force Congress into more measured and timely budget action. It will end some of the confusion surrounding expenditures. That may help both parties to resist deficit spending. We deeply hope so. It is one of the few means we have for arresting the rate of inflation.

Worldwide, inflation continues. It hurts especially the wage-earner, the farmer, and those on fixed incomes. We need an agreed upon program for effective action. I have joined a group of House Members in calling for a domestic summit to determine a set of policy actions for the American economy. The summit would include leaders of the Federal Reserve Board, the Executive branch, Congress, business, and labor.

August 19-30 is to be devoted to debating and deciding the articles of impeachment.

This puts off until September several important items of business. Among them, the Bolling Committee's reorganization of the House Committee system. This bill has been tied up for 3 months by the Democratic Caucus. Prospects look good, though, for when it comes to the floor.

On a personal note, the House this summer voted approval for my amendment to the Occupational Safety and Health Act—providing to small businesses on-site consultation concerning safety standards. The House General Education subcommittee held field hearings July 12 in Fond du Lac. The choice of Fond du Lac reflected the committee's recognition of the outstanding vocational-technical education program in Wisconsin.

#### SERVICE EMPLOYEES INTERNATIONAL UNION—THE HOSPITAL UNION

**Hon. Yvonne Brathwaite Burke**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mrs. BURKE of California. Mr. Speaker, you cannot talk about the health industry in this country without talking about the Nation's largest health care union, Service Employees International Union, AFL-CIO. It is, in my opinion, "the Hospital Union." One of its locals in New York City recently negotiated a contract that provides the 4,000 workers covered the highest wages in the Nation. It is the best hospital contract ever, and it is typical of this union's activities on behalf of health care workers.

SEIU has a remarkable record of achievement in giving its members high wages, good working conditions, and outstanding fringe benefits. It is a record that any union in America would be proud of, and yet SEIU represents more than just hospital workers. It has public employees, school employees, social workers, police personnel, gas utility workers, building maintenance workers, elevator operators—a veritable cross-section of American working people.

In a recent address to SEIU's local union leaders, SEIU International President George Hardy called his union the greatest affiliated union of the AFL-CIO. A bit chauvinistic, perhaps, but Hardy was pointing out here his union's long history of bringing collective bargaining rights to hospital and nursing home workers and of raising the living standards of thousands of these workers through the years, "regardless of sex, color, creed." And this is true.

SEIU now represents 200,000 health care workers in the United States and Canada, making it the largest union in the industry. With over a half million total members, the union is among the 10 largest in the AFL-CIO.

Through years of organizing and collective bargaining in the hospital field, SEIU has acquired an expertise that is second to none, and I agree with Hardy when he says his union is "uniquely suited" to organize and service workers in this industry. In addition to the thousands of hospital health and service personnel it has represented for decades, SEIU has recently organized many physi-

cians' locals in the United States, many of them staff members at institutions. And these doctors will tell you that bringing unionism into the health workplace helps stabilize the work force and makes the facility a better place for everyone—patient, labor, and management.

Over 3 years ago, SEIU began the effort to bring the organizing and collective bargaining rights of the Labor Management Relations Act, which houses the National Labor Relations Board, to nonprofit hospital and nursing and convalescent home workers. These unprotected workers form one of the last segments of the Nation's work force who do not enjoy the basic labor rights of millions of other workers who can bargain collectively to improve their conditions, with the protection of Federal law.

These unprotected workers were for years considered "charitable" workers—they were "donating" their services, in effect, to keep the institutions solvent. But times have changed, and charity now accounts for only about 1 percent of the Nation's total hospital bill, as SEIU Executive Secretary Anthony Weinlein pointed out at a recent SEIU health care conference. Years ago, charity did play a major and vital role in the industry. But with medicare, medicaid, private health insurance, and other Government expenditures, the charitable institution has all but disappeared. Taking its place more and more are the profitmaking institutions and the "nonprofit" institutions, which, Weinlein said, actually can operate much like profitmaking facilities because of loopholes in the law. These nonprofits also can operate in secrecy and without public scrutiny, in some cases resulting in higher health costs to the public.

And while these nonprofit facilities can raise the salaries of their administrators and professional staff at will, at the same time they have the reputation of paying the lowest wages in the country to its nursing aides and housekeeping and maintenance personnel, especially in the nursing homes.

To correct the working conditions of its members and to end the "slave labor wages" paid some of these workers, SEIU has pushed long and hard for passage of the nonprofit hospital bill through the Congress.

People who have worked for the bill like SEIU Legislative Director Richard Murphy will tell you that this bill will help rid the industry of many unproductive strikes. Testifying before the Senate Subcommittee on Labor a year ago, along with several other SEIU officials, Murphy said putting the nonprofit health care workers under the NLRB would end the "recognition strikes" that account for about 95 percent of the work stoppages in the industry. This is the strike brought about by employers who refuse to recognize the fact that workers have banded together in a union and want to bargain collectively. What else then can the employee do but strike? With passage of the new amendments to the Labor Management Relations Act, nonprofit workers are now given the rights of other workers, in many industries, to organize and bar-

gain collectively with their employer through the NLRB.

It is a fair bill for both sides of the bargaining table, and a tremendous break for the men and women who for years gave so much hard work—up to 100 hours a week—without decent basic pay and no overtime pay.

SEIU's many hospital local unions know from experience of the difficulties in organizing in this field. They have faced the administrators at the big public hospitals, like San Francisco General Hospital, and won outstanding contracts for their members; at the larger private hospitals like Monroe Mercy in Detroit, where 2 years after winning a recognition election, the local still cannot get the employer to the bargaining table; at the religious hospitals and nursing homes in St. Louis and Boston, where organizing and collective bargaining is fought every inch of the way; and at the smaller convalescent homes in Los Angeles, where employees were forced out on recognition strikes for long periods.

SEIU has fought the good fight and is still fighting to improve conditions for its workers in this unique industry, an industry that holds our respect and reverence because it is a life and death situation.

As hospitals and other health facilities have become more humane, SEIU has been right there to make sure the workers who provide that care are treated humanely, too.

Thus, with the law allowing collective bargaining for 1.7 million employees of America's nonprofit hospitals winning final approval, I wanted to take this moment of Congress time to publicly acknowledge the effort of the group that spearheaded the effort—Service Employees International Union, AFL-CIO.

#### RESOLUTIONS IN MEMORY OF HON. CARL T. DURHAM, HON. HAROLD D. COOLEY, AND HON. B. EVERETT JORDAN

#### HON. IKE F. ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ANDREWS of North Carolina. Mr. Speaker, in the first 4 months of this year death claimed the lives of three distinguished men whose combined service in the Halls of Congress amounted to nearly 70 years during the middle third of this century.

They were: former Sixth District Congressman Carl T. Durham of Chapel Hill, former Fourth District Congressman Harold D. Cooley of Nashville, and former U.S. Senator B. Everett Jordan of Saxapahaw.

On Saturday, August 3, the North Carolina Democratic Convention in Raleigh enacted resolutions in memory of these three public servants, and at this point I insert these resolutions in the RECORD for the benefit of my colleagues, many of whom knew these men as friends and colleagues.

#### RESOLUTION IN MEMORY OF CARL T. DURHAM

Whereas, Carl T. Durham, a native of Orange County, North Carolina, was born

August 23, 1892, son of Claude P. and Della Ann Durham, died April 29, 1974; and

Whereas, Carl T. Durham served the Sixth Congressional District of North Carolina in the Congress of the United States for 22 years; and

Whereas, Carl T. Durham distinguished himself in Congress as third ranking member of the House Armed Services Committee and Chairman of the 85th Congress Joint Committee on Atomic Energy and Vice-Chairman, 86th Congress; and

Whereas, in his passing we have lost one of our most able Democrats.

Now, therefore, be it resolved that this Resolution be spread upon the minutes of the State Democratic Convention and that a copy be forwarded to the family of Carl T. Durham.

#### RESOLUTION IN MEMORY OF HAROLD DUNBAR COOLEY

Whereas, Harold Dunbar Cooley, native of Nashville, North Carolina, son of Roger Atkinson Pryor Cooley and Hattie Davis Cooley, died January 15, 1974; and

Whereas, Harold Dunbar Cooley served the Fourth Congressional District of North Carolina in the Congress of the United States for 32 years and served as Chairman of the House Committee on Agriculture for 18 years; and

Whereas, Harold Dunbar Cooley was a veteran and outstanding attorney; and

Whereas, Harold Dunbar Cooley distinguished himself in the Congress of the United States by devotion to agriculture as President of the Interparliamentary Union; and

Whereas, Harold Dunbar Cooley was honored by practically every farm organization in the United States and by many foreign governments for his services to agriculture and the people of Nash County, North Carolina, and the United States; and

Whereas, in his passing we have lost one of our most able Democrats.

Now, therefore, be it resolved that the Democratic Party of Nash County, in convention assembled, desires to express its appreciation for the life and services of Harold Dunbar Cooley, a distinguished leader and public servant.

Be it further resolved that this Resolution be spread upon the minutes of the Nash County Democratic Executive Committee, and that a copy be forwarded to the family of Harold Dunbar Cooley and to the North Carolina Democratic Executive Committee for appropriate action.

#### RESOLUTION IN MEMORY OF B. EVERETT JORDAN

A resolution honoring the Life and Memory of B. Everett Jordan, former United States Senator from North Carolina, who served his County, State and Nation with honor, devotion and distinction.

Whereas, the Democrats of North Carolina, in convention assembled, desire to commemorate the services of B. Everett Jordan to his County, State and Nation, and to express their sorrow for the loss sustained by his passing; and

Whereas, B. Everett Jordan was born September 6, 1896, in Ramseur, in Randolph County, North Carolina, and was the son of a Methodist minister, the late Rev. Henry Harry and Annie Elizabeth Sellars Jordan; and

Whereas, B. Everett Jordan attended Trinity College, now Duke University; and

Whereas, B. Everett Jordan joined the tank corps of the United States Army when World War I broke out, and served with the occupation forces in Germany, returning after the war to work in North Carolina; and

Whereas, upon his return to North Carolina, B. Everett Jordan got his start in the field of textiles, a field in which he was destined to become enormously successful, his first assignment being as a sweeper in the flint mill in Gastonia with later promotions to become superintendent of Myrtle Mills and

later superintendent of Gray Mills in Gastonia; and

Whereas, in 1924, B. Everett Jordan married the former Katherine McLean, a Gastonia school teacher; and

Whereas, B. Everett Jordan and Katherine McLean Jordan came to Saxapahaw, in Alamance County in 1926 to take over the management of the newly incorporated Sellers Manufacturing Company, and make Sellers Manufacturing Company one of the most progressive textile mills in the State of North Carolina, later acquiring Jordan Spinning Company at Cedar Falls, Ideal Mercerizing Company in Burlington, and Royal Cotton Mills Company in Wake Forest; and

Whereas, B. Everett Jordan began to take an active interest in politics, working in the gubernatorial campaigns of Governor Clyde R. Hoey, Governor Gregg Cherry and Governor W. Kerr Scott, serving on several State boards and as President of the North Carolina Railroad; and

Whereas, B. Everett Jordan served a six-year term as Chairman of the North Carolina Democratic Executive Committee, and in 1954, was named Democratic National Committeeman from North Carolina; and

Whereas, B. Everett Jordan was appointed by Governor Luther Hodges to fill the unexpired term of the late United States Senator W. Kerr Scott, who died in office, and sought re-election in 1958, 1960, 1966 and 1972; and

Whereas, during his 15 years in the United States Senate, B. Everett Jordan earned a reputation as a behind-the-scenes worker who seldom sought publicity or indulged in oratory, but concentrated on administrative affairs and winning public works projects for North Carolina, and quietly worked to see that his State got its share of federal programs and assistance and that its agricultural and commercial interests were protected; and

Whereas, during his term in the United States Senate, B. Everett Jordan served as Chairman of the Senate Committee on Rules and Administration, Chairman of the Joint Committee on the Library of the Congress and on Printing, Chairman of Public Works Subcommittee on Rivers and Flood Control, and a member of Agriculture and Forestry Committee; and

Whereas, B. Everett Jordan was awarded an Honorary LL.D. Degree from Elon College, and served as a Trustee for Duke University, American State University and Elon College, and was a Burlington Rotarian, a Shriner, and was awarded the Silver Beaver Boy Scout Award in 1966, and B. Everett Jordan was also a Methodist Bible School teacher since 1927, and served as Chairman of the Board of Trustees for Alamance County Hospital from its beginning; and

Whereas, B. Everett Jordan served as Chairman of the North Carolina Cancer Fund Drive 1972-1973, and on January 7, 1973, was a recipient of the North Carolina Public Service Award of the North Carolina Chapter Cystic Fibrosis Foundation, and in March, 1974, the Elon College Board of Trustees named the new physical education gymnasium the B. Everett Jordan Gymnasium; and

Whereas, the Alamance County Board of Education has renamed the elementary school in Saxapahaw the B. Everett Jordan School; and

Whereas, he is survived by his wife, the former Katherine McLean, of the home, and two sons, Ben E. Jordan, Jr., of Burlington, and John M. Jordan of Saxapahaw; and one daughter, Mrs. Roger Gant, Jr., of Burlington; one brother, Dr. Frank Jordan of Lake Junaluska; and one sister, Mrs. Henry Sprinkle of Mocksville; and 10 grandchildren;

Now, therefore, be it resolved by the Democrats of North Carolina in convention assembled this 3rd day of August, 1974 that:

Section 1. The Democrats of North Carolina unite in expressing for themselves, the State and Nation, their sorrow for the irre-



parable loss sustained by the death of B. Everett Jordan, who distinguished himself as an outstanding leader of his County, State and Nation.

Section 2. As a token of respect to and esteem for the honored and beloved memory of B. Everett Jordan, the North Carolina Democratic Convention hereby expresses its deepest and most sincere sympathy to the members of his family in their great loss, and expresses to them its grateful thanks for the many useful benefits derived from the distinguished services rendered by B. Everett Jordan during his lifetime.

Section 3. This resolution shall be incorporated in the permanent records of this Convention as a tribute and expression of respect to the memory of B. Everett Jordan, and that a copy, duly certified by the Secretary of the Convention, be furnished to the members of his immediate family.

#### KANSAN NAMED WINNER

#### HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. WINN. Mr. Speaker, I recently came across an enchanting series of pictures printed in the August/September issue of the Saturday Evening Post. With further study, I noticed that these pictures were the works of a fellow Kansan, Mrs. Jo Sickbert.

Mrs. Sickbert was recently named the winner of the 1974 Saturday Evening Post Cover Contest, and in my opinion, this honor is well deserved.

In the tradition of Grandma Moses and Norman Rockwell, undoubtedly two of America's foremost artists, Jo Sickbert's paintings express her love for Americana. Each scene depicts a special feeling of warmth, joy and openness. I regret that it is impossible to reproduce these fine paintings in the RECORD.

As this is the case, though, I would like to use this space to insert in the RECORD, the following article by Julie Nixon Eisenhower from the most recent issue of the Post.

The article follows:

JO SICKBERT: WINNER OF THE SATURDAY EVENING POST COVER CONTEST  
(By Julie Nixon Eisenhower)

"I used to paint trees over my mistakes." Jo Sickbert winner of the 1974 Saturday Evening Post Cover Contest laughed softly as she described her evolution as a painter. The comment is so characteristic of Jo. She is as warm and open and down-to-earth as any person you could ever hope to meet. You simply feel at ease with her immediately. Her beautiful expressive eyes make you want to know her well and to feel close to her. And you believe Jo when she says "Life is such a gift." Her gift to all of us is her art which radiates the good things in life: families together, a sense of community and belonging, and the abundance of flowers, birds and growing things. If one had to choose a single word to describe Jo Sickbert's paintings my choice would be joy."

Jo grew up in Independence, Missouri. She majored in music in college and never had any formal art training. She paints simply because "it's a way of communicating how I feel about things." During our days together at the offices of *The Saturday Evening Post* she often repeated the words "I don't consider myself an artist." Perhaps she feels

that way because she does not yet have the nation-wide recognition which emboldens someone as genuinely modest as Jo to say to the world "I am an artist." Jo's magazine debut in the *Post* will give her that nationwide recognition. The debut has other special meaning as well: it is a thrill for Jo to know that her work is appearing in the *Post* because all her life she has admired Norman Rockwell. His paintings have touched her more deeply than those of any other artist. It is not surprising, for there is an affinity between the two. Jo told me, "I paint from the heart". Without a doubt Norman Rockwell paints from the heart as well.

Jo Sickbert did not start painting seriously until five years ago when one after another of her friends and neighbors in Paola, Kansas—and then their friends and neighbors in other towns requested her paintings. Even today, Jo marvels: "I had no idea people wanted to buy my work." Until acrylics came onto the market a decade ago, Jo confined her artwork to family Christmas cards (printed on a press by her husband Wally in the basement of their home); advertisement for the Jaycees' Christmas tree sales; or sets for school plays. Jo jokes about the days when she worked as a medical assistant in a doctor's office. Her contribution to the arts was to paint a special sign for the office: "Please leave your name at the desk." But with the advent of fast-drying acrylics, Jo began to paint in earnest. No longer was she frustrated by days of waiting for an oil painting to dry. For Jo is a spontaneous painter who does little planning. Her attitude has always been: "I want it to happen now"—and that means changes on a painting now. Her theory is that many times "if it happens by itself, it's good; if you get too technical, the painting loses a certain honesty and freshness."

Jo works on six or seven paintings at a time, rising early every morning at 4. Her husband Wally sleeps "late," until 6 a.m., then is off to work at Taylor Forge in Paola. Now that her two children are both in college, Jo uses her daughter's bedroom as a studio. She works on an old dining-room table. Her inspiration comes from "the little love gifts" which adorn the room, like the Snoopy alarm clock from her daughter Jan, a set of Currier and Ives prints from son Mike, and the little owl from Wally which is perched on the table to keep watch over her while she paints. Music is Jo's main outlet. She often wears headphones as she works in order to enjoy her favorite Bach, Dvorak and classical trumpet recordings. Ideas and enthusiasm for new paintings come from involvement with her community, from her family, which includes a large network of relatives (her father was one of fifteen children), and from her love of the drama and romance of American history.

What lies in the future for Jo Sickbert? She has dreams. Big dreams. One of them is to go to every part of America and share what she finds with the American people. Another dream is to publish books of paintings about those travels and about our country's heritage. Already she and Wally, who work as a team armed with history books and cameras, have traveled through the Amish country and New England discovering the nooks and crannies of small towns.

I have faith Jo will accomplish her dream because of something she told me as we sat in the *Saturday Evening Post* library: "I paint the things I believe in." And when people see her paintings, they will believe Jo. Love, family, caring about others, belief in our community, belief in our country. These themes strike a responsive note. They speak to young and old. Painting is joy and happiness to Jo Sickbert because "nothing is more exciting than using your head and your hands and what you feel in your heart to make it all happen."

#### NATIONAL RIVER ACADEMY A VITAL FORCE IN ECONOMIC DEVELOPMENT OF RIVER TRANSPORTATION

#### HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ALEXANDER. Mr. Speaker, the National River Academy is today a reality whose ultimate goal is the development of the safest, most economical and most advanced methods of transporting goods along our inland waterways.

Through its innovative program of classroom, as well as "on the job," training, the NRA is educating cadets who upon graduation will be as sought after as a college football player being recruited by the pros.

I wish to share with my colleagues the fourth and final article in a series published in the New Orleans Times-Picayune regarding the manpower gap that is being filled by the National River Academy:

#### ACCELERATED PROGRAM: RIVER ACADEMY TURNS OUT GRADUATES IN 22 MONTHS

(By Clint Bolton)

Capt. Pierre R. Becker (USNR Ret.) became the first superintendent of the National River Academy on May 1, 1972. He brought to his new assignment a wide range of experiences in Merchant Marine and Navy activities.

A member of the first graduating class of the Merchant Marine Academy at Kings Point, N.Y., he recalls "At Kings Point, just like Annapolis and West Point, our courses were accelerated."

"After Pearl Harbor everything was speeded up. So our class of 1942 actually was graduated several months early."

"Perhaps now, 32 years later, that gives me some basis for the belief we can turn out cadets competent to become river pilots in 22 months," he said. "All of us are looking ahead to the Towboat Simulator System. We are keyed up, high on it. But long before it is finally operative we will have several groups of graduates on the river."

#### BETTER TRAINING

"Overall we have a very well rounded curriculum here right now. The Simulator means better training of larger numbers of cadets. But right now our boys are as good as you can get. Actually, entrance requirements seem fairly simple. Look at the folder. See that paragraph about admissions?"

"Yes. Doesn't look too tough."

"Those lines about primary factors bearing on selection?"

"Well, Captain, it says here there are three points, and those are (1) fulfillment of all requirements, (2) aptitude for skills involved and (3) a sincere desire to make a career in the river industry."

"The third item is the biggie. Our requirements are not too tough to meet. High school or equivalent education; citizen of the United States; must be 17 but not over 27 by date of registration and year of appointment. No limitations on height. Weight should be in proportion. That's Coast Guard requirements for the physical for an original license. Plus, of course, the vision. A cadet must meet the vision requirements for a master, mate or pilot."

"Which are?"

#### VISION REQUIREMENTS

"Uncorrected vision of at least 20-100 in both eyes, correctable to at least 20-20 in one eye and 20-40 in the other."

"How about marriage?"

"No bar to admission but on a basis of preference we lean to non-married applicants. Remember the cadets are either here at the Academy or on the river for 22 months. That does allow for about ten days leave out of each 60 spent aboard a tow. But in general a young fellow coming here may be better off if he is single with no domestic problems."

"Well, it all seems pretty simple to me."

"You overlooked the last factor . . . a sincere desire to make a career in the river industry."

"So a guy says he is real crazy about being a river pilot. How sincere is he and how do you know?"

#### SCREENING

"In the future we will have to formulate some sort of screening program. Interviews, a battery of tests, other techniques which can be conducted regionally. New Orleans, Memphis, St. Louis and elsewhere."

"Today," he continued, "with our limited enrollment we have a pretty good line on each applicant. Many come from river connected families. Young Ron Rosenthal from Metairie has an uncle who is a Crescent City pilot, I think . . . and he, himself, has worked around boats. Right now almost all of our other cadets have come to us because of a genuine desire to become part of the river industry."

"Looking over that list of New Orleans boys who entered on last April 29 I would think from the little time they have been here that they'll all make it. Naturally it is too early to tell. They've only been here about 10 days. Beyond all of the requirements such as citizenship, education, vision and the rest, we come down to that one big intangible. Almost an imponderable. There is also dedication."

"Unless a cadet really wants what the Academy, and after the Academy, what the river industry offers he shouldn't be here to begin with. This is not a cushioned ride. It is physically and mentally tough."

#### FEW DROPOUTS

"But I'm proud to say only a very small percentage of our cadets have dropped out. That's to their credit . . . the young men who make it. They come here dedicated and they leave here with an even greater sense of dedication. I know . . . all of us here realize what a very big thing the Towboat Simulator System will be in our work. We talk about it, dream about it. But our biggest plus will always be the cadet corps. Dedicated young men."

With or without the Towboat Simulator System they learn a lot at "Towboat U." The two-year curriculum includes subjects ranging from River History to Engineering Graphics.

Refrigeration and Air Conditioning are part of the study program as is Technical Writing, Rules and Regulations, River Pilotage, Electronic Pilotage (the use of modern electronic devices now on tows), Towboat and Barge Economics, Maritime Law and other subjects. Mark Twain was not taught by Mr. Bixby.

In the complex and modern world of towboating the master pilots must know something about marine surveying and insurance. They must have a grasp of towboat and barge construction and economics. River safety and first aid are primary imperatives.

It is a lot to cram into 22 months.

#### TWENTY TO TWENTY-FIVE ENTRANTS

At the present time the National River Academy is geared to accept between 20 and 25 entrants, twice a year. New classes are formed each spring and fall.

While the cadet corps is small and the faculty is not large, what is impressive at "Towboat U" up at Helena, Ark., is the firm belief that this thoroughly new and innova-

tive approach to the ancient art of river piloting is going to succeed. No cadet, no instructor feels that there is any place for the National River Academy to go but up.

Aside from the recently entered cadets from New Orleans area whom I met and talked with there is also William H. Smith, whose parents, Mr. and Mrs. Harold W. Smith, live at 4434 Foresta St., New Orleans, and Dall D. Thomas, son of Mr. and Mrs. Dall J. Thomas III, of 5324 Bellaire Dr.

Other newly arrived cadets from other parts of the country include a young man who is a former St. Louis policeman. He was just eligible for admission on the top side of the age bracket. His comment:

#### TRAINED OFFICER

"I think I'm a pretty well trained police officer. St. Louis is supposed to turn out some pretty good law enforcement people. I can't knock the department. I'm not chicken but there isn't a big town policeman in the world who doesn't know that every day he puts on that badge he is putting on a target."

"Well, I heard about this place. What a life . . . a wonderful way to work. Sure, the river can get mean and lousy at times. I remember all that flooding up at St. Louis last year, but it is still a good life and when you get that Coast Guard license the pay is a lot better than it is on the St. Louis Police Department."

It is. On the river today a pilot of standing makes \$100-125 per day. Aboard he has full room and board with a private cabin and bath.

Balanced against that are certain factors which loom large in the overall educational problem at NRA. Throughout all the talk of classes in engineering, rules of the road, the prospects of the simulator and other topics is the very simple and age-old query, "Can he take it?"

#### NOTHING MILITARY

Although there is nothing military about the National River Academy, it is the eternal business of taking a young man into a special group and teaching him how that group functions. He is a "goot," a "rookie," a "plebe," or even a "squab." For many cadets it is the first time away from home. For some there is the very juvenile nonsense of proving manhood by aggressive assertion, by a chip-on-the-shoulder attitude.

"Sure we have it here," Capt. Becker said, "but we string along with the homesick lads and the tough guys as long as we can. In many cases the homesickness is no worse than the first week at camp boarding school. That's no problem. They meet and make friends. Find other guys have the same interests. The tough guy we find out about pretty fast. Sometimes the toughness is only a cover for insecurity and another form of loneliness. That disappears with time. We've had a few hard cases. But we try to give 'em all the rope we can."

"We had one young man who was a real loner . . . and he made a lot of enemies. But things smoothed out here. Then he went on the river and got smart to somebody who'd been docking a few years. That cadet was an inch or two away from real violence. But from that and a few other things he learned. I think he'll be okay."

#### LIVELY LADY

Mrs. Elizabeth Ashcraft is executive assistant to the superintendent. A lively lady who combines wife-motherhood with tending the growing pains of the fledgling National River Academy. She does this with good humor, intelligence and the sort of all-round diligence that matches the dedication of the rest of the staff.

I said to her, "Do you ever get the feeling you are den mother to a lot of very large cubs?"

She laughed and said, "Once in a while. But remember every cadet has to be be-

tween the ages of 17 and 27 at the time of entrance. Of course we get more boys on the lower age side. The boys who come here instead of going to college. Some of them have never been away from home before. Some are nervous and even frightened. But today a 17-18-year-old boy is pretty mature. He is able to accept new situations, new conditions."

"What's the biggest hangup? The girl they left back home?"

"Well, I'm not Ann Landers but let me put it this way. How many undying, this-is-for-ever loves did you have in your teens?"

"So long ago I can't remember. But there was summer and fall and . . ."

#### GIRL FRIENDS

"That proves it. Of course these boys have all sorts of attachments to their families, their girl friends. But since we do have only a small number coming in with each class, as Capt. Becker told you, we are pretty sure by the time they get here that they really want to be cadets. That they really want to make it all the way."

It was time to go. Alan Ables who took the pictures for this series lives in Little Rock. He would drive me there to catch a plane back to New Orleans. Three days by river to Helena. About four hours back by car and plane.

As we drove down the road leaving the National River Academy on the prime cotton land alongside the levee I said, "Know what I would do if I wasn't a zillion years too old?"

"Go to the NRA?"

"Well, I'd at least write and ask for an application."

"Come to think of it I don't blame you. Looks like a great deal."

It is . . . and for any young man who wants to find out more the address is: National River Academy of the United States, P.O. Box 827, Helena, Arkansas 72342. There could be a whole lifetime of a satisfying career by investing a 10-cent stamp today.

#### ELDERLY NEED GREATER ASSISTANCE

#### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. WOLFF. Mr. Speaker, the cost of living for the average person is almost unbearable and for the elderly the present situation is almost critical. The elderly need greater assistance to help them cope with rising prices. A recent WABC-TV editorial focused on this issue and I would like to include it in the RECORD as I think it will be of interest to my colleagues:

[WABC-TV Editorial No. 32—1974]

#### NEW YORK'S ELDERLY NEED MORE RENT ASSISTANCE

No matter where you live, the cost of living is almost unbearable. For the elderly, the situation is much worse. In most cases, their incomes are fixed. They have trouble coping with rising food prices and utility increases. But the biggest problem of all is rent. There is no way they can handle the regular rent increases that are mandated by law.

Well, the City Council now has an opportunity to do something about this. A bill has been introduced that would qualify an additional 25 thousand elderly who receive federal supplemental security income. These men and women would qualify for relief from periodic rent increases. The bill would raise the limit of income from five thousand to 65 hundred dollars.

Applicants must be at least 62 years old, pay more than one-third of their after tax income for rent, live in a rent-controlled or



rent-stabilized apartment and must not be receiving public assistance.

We hope the City Council passes this legislation at once.

## PUBLIC DECEPTION

### HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LONG of Maryland. Mr. Speaker, a pamphlet written by two of my constituents, Patrick Ott and Thomas Jackson, Federal Deception, deserves the attention of every Member of Congress.

Messrs. Ott and Jackson describe Federal deception as the technique of presenting positive images of a Federal agency's operations without presenting evidence of significant achievement. It is reasonable, the authors point out, to expect public service agencies to direct their operations and personnel toward the clearly defined goals set forth in legislation. In this time of public distrust and doubt in our Government, citizens are more than ever aware of the gaps between promise and action.

Excerpts from the text of Federal Deception follows:

The federal budget of this nation is already a full twenty per cent of the gross national product. If you know your economies, you know that's a dangerous balance. What makes it even more dangerous is the federal mentality that controls the budget. It goes something like this:

"Hmmm. We have a big problem here, and no matter how hard we try to solve it, it just keeps getting worse. Obviously, we need more funds to cope with the problem."

This is exactly the philosophy that started the drain on public funds way back when and it hasn't changed. It's the philosophy that is used by every Federal agency to increase its budget—an absurd idea when you stop to think, because our federal agencies are using failures as justifications for bigger budgets. Too bad we tax-paying citizens can't take advantage of that reasoning! If a man goes into a business or profession, he works hard to achieve his goals and make a profit—or he goes out of business. Federal logic has become just the opposite!

There is a dangerous mentality in our Federal Government that dictates: "If you don't succeed, don't report it, or at least make it sound good!"

The Annual Report of a government agency should represent its official and most reliable communication to the public. However, these reports are usually masterpieces of authoritative deception. Any random selection of Annual Reports will reveal a huge and totally irrational disparity between the measures of operational effectiveness an agency presents in its report and the measures of goal effectiveness it should present. An agency will usually fail to include the valid measures of its past effectiveness in achieving its primary legislated objectives. In those rare instances when this critical information is provided, it is usually hidden by an abundance of irrelevant data that neither the public nor the vast majority of decision-makers can analyze. (Without an appropriate frame of reference, any compilation of data is a meaningless assortment of abstract numbers.) In practically all cases, Annual Reports presently conceal an agency's actual results, and divert attention from its failures, by providing irrelevancies concerning the agency's prestigious associations, worthy in-

tentions, and emotionally appealing examples of atypical "successes".

The Supreme Court may ultimately be required to outlaw the federal deception in the Annual Reports of public service agencies. Citizens everywhere can bring that day about by demanding reforms in the operations and performances of government agencies. The government's representatives have been conditioned over time to accept the organizational norm of federal deception. If citizens begin to voice their awareness of federal deception and the status quo of ineffectiveness that it maintains, then significant reforms can occur.

We can start by asking the two basic questions of every public service agency in the federal government:

1. What are your goals?
2. Can you prove with valid facts that you achieved these goals?

By expressing these two basic questions citizens will undoubtedly force individual public service officials into recognizing a public concern over goal effectiveness. They will learn that we will no longer let ourselves be conned by deceptive Annual Reports and irrelevant procedures of evaluation.

Once we have educated ourselves and our public service officials to the need for goal-effective operations, it will be a legal matter of imposing new procedures on the government agencies that will:

- (a) remove the deceptive propaganda techniques used by the Bureaucracy to maintain its self-perpetuating potential; and,
- (b) replace these techniques with procedures for reporting valid and reliable measures of an agency's effectiveness as a basis for determining its budget and assigned authority.

## LET US NOT ABANDON OUR DOMESTIC FERROCHROME INDUSTRY

### HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Ms. ABZUG. Mr. Speaker, last December the Senate approved by an overwhelming vote S. 1868, a bill to repeal the Byrd amendment and restore the United States to full compliance with the United Nations sanctions against Southern Rhodesia. On June 27, the Foreign Affairs Committee, by a 25 to 9 vote, reported that same bill out for final action by the House.

I think it is important, Mr. Speaker, that we understand some of the little publicized effects which our violating the sanctions have had and could continue to have on our economy.

When the Byrd amendment first came before us in 1971, we were told by the stainless steel industry that it was necessary to import chrome ore from Southern Rhodesia in order to maintain a domestic ferrochrome industry. The stainless steel people told us that unless the American ferrochrome industry had access to Rhodesian chrome, it would be forced out of business by foreign competitors. So, many were led to believe that by opposing the Rhodesian sanctions we would be saving our own ferrochrome industry.

Mr. Speaker, in the 2½ years that we have been trading with Rhodesia, exactly the opposite has happened. The average price of Rhodesian chrome ore has been raised to \$80 a ton by the

Rhodesian trading monopoly Univex, while the price of Rhodesian-made ferrochrome has been kept to \$250 per ton—one of the cheapest in the world. Rather than provide a supply of inexpensive chrome ore for our ferrochrome producers, Rhodesia has flooded the American market with cheap Rhodesian-made ferrochrome. This can be seen from the following import figures from the U.S. Bureau of Mines:

Year	High carbon ferrochrome imports from Rhodesia		Metallurgical chrome ore imports from Rhodesia	
	Tons	Percent	Tons	Percent
1971	0	0	26,000	3.9
1972	11,835	16.2	65,000	10.2
1973	46,083	41.1	43,000	11.2

All of this cheap Rhodesian ferrochrome has not supported our domestic ferrochrome industry, but it has certainly given the stainless steel industry a cheap alternative to American ferrochrome plants. By May of this year, the stainless steel industry in America was buying Rhodesian high-carbon ferrochrome for an average of \$271 per ton, while the market price for domestically produced ferrochrome hovered around \$700 per ton. No wonder the stainless steel industry is so anxious for us to warm up with Rhodesia. No wonder they are so opposed to the sanctions. No wonder they have abandoned the American ferrochrome industry.

Never mind the thousands of workers the domestic industry employs. The stainless steel industry asks us to abandon our own ferrochrome industry for the sake of an illegal colony in southern Africa. A spokesman for the Tool and Stainless Steel Industry Committee has told the Senate Foreign Relations Committee "the American ferrochrome industry cannot be considered an adequate source of supply either now or in the foreseeable future" and while he spoke, 313 ferrochrome workers in Stubenville, Ohio, were being told their plant would close down in large part because of the cheap Rhodesian ferrochrome.

I believe we can maintain a viable domestic ferrochrome industry, Mr. Speaker, and that by following the Senate action in repealing the Byrd amendment we will have taken an important step in that direction.

## REPRESENTATIVE ANNUNZIO PRIME SPONSOR OF ALLIED FORCES VETERANS BENEFITS

### HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. DULSKI. Mr. Speaker, I was very gratified this week by the overwhelming vote for passage of H.R. 13377, to provide medical benefits for certain members of the armed forces of nations allied with the United States in World War I or World War II.

As a long-time proponent and sponsor of this legislation, I want to pay particu-

lar tribute to our distinguished colleague, Representative FRANK ANNUNZIO, who has worked tirelessly to help the allied forces veterans.

In addition to his other legislative talents, FRANK is gifted with a particular sensitivity to the importance of our ethnic heritage, and can be credited with many achievements in preserving the traditions of multiculturalism in the United States.

It is not an exaggeration to say that without his unrelenting efforts in behalf of this long-overlooked measure, it would not have passed the House this week. Our Polish- and Czech-born citizens have a special reason to be grateful to him.

## RED TIDE LEGISLATION

### HON. BILL GUNTER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. GUNTER. Mr. Speaker, the Red Tide marine organism—Gymnodinium breve—has long been recognized as a killer of fish by the thousands. Coastal areas in Florida, New England, and California have been subjected to an increasing number of attacks by the organism resulting in severe dislocations of the fishing and shellfish industries.

The Red Tide, however, also poses another, more dangerous problem. The organism produces an airborne irritant which interferes with respiration and causes skin irritation. Residents of areas that are adjacent to the shore in affected States suffer annoying breathing difficulties; those with already existing conditions like asthma and emphysema suffer real respiratory problems. The Tide, which shows no signs of abating of its own accord, poses a health hazard we cannot ignore.

In recognition of this, I am introducing legislation in the House today which would appropriate money for a study to be conducted by the National Institute of Environmental Health Sciences into the health hazard of the Tide. This legislation is cosponsored by Representatives SAM GIBBONS, Democrat of Florida; BILL CHAPPELL, Jr., Democrat of Florida; JAMES A. HALEY, Democrat of Florida; LESTER WOLFE, Democrat of New York; PETER KYROS, Democrat of Maine; GERRY STUDDS, Democrat of Massachusetts; MICHAEL HARRINGTON, Democrat of Massachusetts; and JOE MOAKLEY, Democrat of Massachusetts.

The appropriation would add \$187,500 to the current HEW allocation to support four major tasks; characterization of the toxin, culturing of the Tide and its toxin, conduct of experiments, and development of a means to eliminate or reduce the effects of the toxin on human beings and animals.

Virtually all research so far has tended to focus on other aspects of the phenomenon and to ignore the potential threat to human health. The number of citizens residing near afflicted areas who are affected—and who may not report what they assume is an effect of pollu-

tion—is significant. For the sake of these citizens, the Federal Government should act swiftly to initiate a program of research into the health hazard of the Red Tide.

I ask you to lend your vigorous support to this necessary measure. I will be reintroducing this legislation shortly. If you are interested in cosponsoring, please contact Jim Laird at my office, 423 Cannon, telephone extension 5-2176.

## PRESIDENT NIXON'S STATUE IN EUROPE

### HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FISHER. Mr. Speaker, in the face of all the confusion and turmoil that has been created over the impeachment issue, it is of interest to note the attitude of Europeans on this subject. What appears to be a rather authentic report from that area was contained in Bernard Kaplan's August 2 NBC News report from Paris. The report follows:

NEWS REPORT BY BERNARD KAPLAN,  
AUGUST 2, 1974

Europe's interest in Watergate was always tempered by doubt that it would really lead to President Nixon's impeachment. . . . Now, with impeachment likely, Europeans are reacting in two very different ways. . . . Many people here are full of admiration for a system of government that is rigorous enough and self-confident enough to judge its head of state as it would any other citizen accused of breaking the law. . . . It's pretty safe to say that would not happen here. . . . In Continental Europe, even the concept of impeachment is non-existent. . . . So to a lot of Europeans, what's taking place in Washington is a vindication of American democracy. . . .

However, there is also another sort of reaction. . . . it is that America—in an orgy of puritanical self-righteousness and self-destructiveness—has allowed Watergate to become a dangerously exaggerated issue. . . . A Swiss newspaper has described the impeachment move as "primitive justice." . . . A French paper—and a leftwing one, at that—calls it a witch hunt. . . . Europeans who think like this—and they may be a majority—look on Mr. Nixon as probably the most effective American President since World War Two. . . . As the Paris newspaper Figaro said the other day, they are bewildered by his compatriots' readiness to sacrifice him. . . .

They see him as a victim of American naivete. . . . If Watergate had occurred in what Europeans like to think of as their own more sophisticated society, it would, they say, have simply been dismissed as political shenanigans. . . . It would never have been permitted to menace a leader of President Nixon's stature. . . .

Contrary to early predictions, Watergate has not, so far, badly damaged Mr. Nixon's international prestige. . . . Here in Europe, at any rate, he remains the embodiment of American power. . . . It's too soon to tell whether this will change if an impeachment trial actually begins. . . . But it may not. . . . There is also considerable personal sympathy for him. . . . It would not be going too far to say, in fact, that for many Europeans, Mr. Nixon has become something of a hero, maligned and misunderstood by his own people. . . .

## GOVERNOR BRIMMER DISCUSSES INFLATION AT THE TOWN MEETING

### HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. REUSS. Mr. Speaker, at the 11th weekly National Town Meeting held yesterday at the Eisenhower Theater, Kennedy Center for the Performing Arts, Governor Andrew F. Brimmer of the Federal Reserve Board spoke on inflation and the state of the economy. This was followed by questioning by financial editor Hobart Rowan of the Washington Post and business and economics writer Edward Dale of the New York Times. John Charles Daly presided at the symposium.

Governor Brimmer's remarks follow:  
INFLATION IN THE UNITED STATES: THE RECORD  
AND OUTLOOK

(By Andrew F. Brimmer)

Virtually everyone now agrees that inflation is the central economic problem faced by the United States today. Over the last year, consumer prices rose by 11 per cent, and wholesale prices jumped nearly 15 per cent—the fastest rates of increase since the Korean War. By all measures, the current inflation is as serious and will probably be more prolonged than any experienced in the postwar era.

This current inflation differs from previous experience in a number of respects. Although inflation originated from conditions of excess demand in the late 1960's, we are now experiencing severe price pressures in the context of sluggish economic activity—a markedly different economic environment than that which prevailed during World War II and the Korean War when war-created excess demand strained our resources. Not only is the current inflation relatively intense, but it is also of relatively long duration. Thus, it has tended to create its own momentum—fed by inflationary expectations among consumers and businessmen.

The gravity of the current inflation problem cannot be overestimated: the consequences are already apparent in the economy. Inflation has had debilitating effects on the purchasing power of consumers, on the efficiency of the business sector, on the condition of financial markets—and on confidence in general. Consequently, I think it is important for all of us to understand the nature of the problem and to appreciate the outlook in the months ahead.

## ORIGINS OF THE PRESENT INFLATION

By way of background, our present inflationary environment may be traced to the mid-1960's when the demands of the Vietnam War combined with a strong business expansion and resulted in an overheating of the economy. The unemployment rate was brought down to 4 per cent at the end of 1965, and it dropped further in the next three years to an exceptionally low 3.4 per cent in late 1968 and early 1969. Aggregate demand expanded rapidly during this period as business fixed investment advanced briskly and Federal expenditures (notably defense outlays) increased sharply. The Federal budget, on a full employment basis, changed from a \$7¼ billion surplus in the first half of 1965 to a \$12 billion deficit in the first half of 1967. The pressure on resources resulting from excess demands caused bottlenecks to emerge in a number of important sectors, and prices began to move up at a fast pace. Prices (as measured



by the implicit GNP deflator—probably the broadest overall measure of price change in the economy) had risen by less than 2 per cent in 1965; but by 1968 prices were increasing at an annual rate of more than 4 per cent. Demand pressures subsided during the recession which got underway at the end of 1969, and unemployment rose substantially. However, inflation did not decelerate during the economic slowdown. In fact, between 1969 and early 1971, the GNP deflator increased by about 5 per cent a year as wages and other costs rose rapidly—probably in response to the protracted period of inflation and pushed prices up further.

Economic developments over the first half of 1971 (the early phase of recovery from the recession) increasingly brought into question whether traditional monetary and fiscal policies were adequate to make progress in combating cost-push inflation while at the same time continuing to promote a more vigorous recovery in the economy. The consumer price index had increased at an annual rate of about 4½ per cent in the first half of the year; at the same time wages were rising by more than 7 per cent at an annual rate.

In an attempt to cope with this situation, a general wage-price freeze was imposed for 90 days in August, 1971, followed by a comprehensive program of mandatory wage and price controls in Phase II. The subsequent moderation in the uptrend of wages and prices was probably due in part to the mandatory controls and in part to the previous prolonged period of little economic growth. Through most of 1972, wage increases slowed to about 5½ per cent at an annual rate—from about 6½ the previous year; the rise in consumer prices dropped from a 5 per cent annual rate to less than a 3½ per cent rate during the same period. However, the momentum of wage and price increases picked up sharply again in 1973. This renewed acceleration of inflation was the result of a number of special factors as well as the consequence of a worldwide boom in economic activity which produced increased pressures on supply capacities in a number of key industries—thereby bidding up prices sharply.

#### SPECIAL FACTORS AND INFLATIONARY PRESSURES

During the last two years, the general price level has been influenced greatly by a number of special factors, especially those affecting the prices of food and fuels. In 1973 about 60 per cent of the increase in consumer prices was accounted for by rising prices of these two commodities.<sup>1</sup> The rise in food prices felt by consumers reflected even more pronounced increases in farm prices for food and feeds. These, in turn, stemmed from an extraordinary surge in world grain prices. Grains played a central role in the inflationary process because they are a food staple—particularly in less developed countries—and a basic feed for livestock and poultry. The jump in grain prices was the result of several factors operating simultaneously. Total world grain production declined in 1972 as droughts in South and Southeast Asia, Africa, and the U.S.S.R. caused disappointing harvests. At the same time, United States agricultural policy entailed restriction of grain supply through acreage allotments. The massive Russian wheat deal exacerbated the shortages. (The sale amounted to 15 million tons and represented about one-third of our annual production in 1972.)

These factors coincided with a surge in worldwide demand for our food and food-

stuffs because of the droughts as well as rising affluence in Western Europe and Japan which stimulated strong demands for meat and thus, for feed grains. The higher prices for grains and soybeans, together with the disappearance of the Peruvian anchovies (a price source of protein feed) increased costs to livestock producers, forcing meat prices up and curtailing supplies. Farm prices continued to advance rapidly until August, 1973, when they reached a peak of 66 per cent above a year earlier. Prices at the wholesale level have receded through June, but retail food prices continued to advance at an 11 per cent annual rate through the end of 1973 as increased production costs continued to work their way through to final products.

Adding to the inflation problem, in the fall of last year, the oil embargo and the sharp increase of oil prices—as we know—led to huge increases in the price of gasoline and other fuel-related products. Prices of imported oils have tripled since last fall, and large increases in prices of domestically produced oil have been allowed. Mainly as a result of these increases in crude oil prices, gasoline prices in June were nearly 40 per cent above last June's level, and prices of fuel oil were up more than 60 per cent.

#### AGGREGATE DEMAND, DEVALUATION, AND INFLATION

In addition to these special factors, the worldwide boom in economic activity caused demands to outstrip supplies in a number of key industries in 1973 resulting in a bidding up of prices. In the United States, larger foreign orders for industrial materials and capital equipment augmented strong domestic demand. Pressures became particularly intense in major materials industries. For instance, in steel, aluminum, cement, and paper (where capacity utilization rates moved up to very high levels) production was 94 per cent of available capacity in the fall of 1973.

As one would expect, the increasing strain on supplies resulted in mounting price pressures. Moreover, materials shortages are likely to remain relatively acute throughout 1974—especially in the steel, petrochemical and paper industries—as slow capacity growth coupled with a surge in foreign demand has caused extremely tight supplies.

New impetus to the inflation also resulted from the decline in the exchange value of the dollar relative to other currencies. It will be recalled that the Smithsonian Agreement in December, 1971, resulted in about an 8 per cent devaluation of the dollar. This added to inflationary pressures by raising the dollar price of imported goods. In addition, the devaluation made the prices of our goods relatively more attractive in world markets. Our export trade was thus stimulated by strong worldwide demand for our goods, reinforcing the pressures of domestic demand on available resources.

However, the devaluation of the dollar did not improve our balance of trade in the short-run, as the depreciation initially increased the dollar price of imports more than it reduced the volume of imports. At the same time, export controls on certain agricultural commodities (primarily soybeans) restricted to some extent the rise in export earnings. Our trade position worsened in 1972, and consequently, in February, 1973, the dollar was devaluated for a second time—by about 10 per cent. The impact of these two devaluations spread throughout the economy: immediate price pressure was felt on primary products such as food and raw materials, but gradually these increases were reflected in the prices of manufactured goods.

#### RELAXATION OF WAGE AND PRICE CONTROLS

The relaxation of wage and price controls under Phase III in January, 1973, and their removal in April this year also led to sharp upward adjustments in prices. It will be recalled that, under Phase III, increased costs were allowed to be "passed through" to prices, with profit margins restrictions

lessened somewhat. Large price increases followed, generated in part by several forces. Undoubtedly, prices at the end of Phase II were below what they otherwise would have been; thus, there was a catch-up phenomenon. Additionally, demand pressures were apparent in a number of sectors as noted above, and scarcities and bottlenecks were increasingly becoming a source of cost and price pressures. Also, since the Phase III decontrol was not unequivocal, it is likely that some price increases were generated by widespread anticipation of a new set of controls.

In early 1973, prices rose faster than anyone had anticipated. Ceilings on red meats prices were introduced in late March, and in June, a general price freeze was reimposed for 60 days. But price increases resumed at a rapid pace following the termination of the freeze. Farm and food prices continued up at a dramatic rate through the fall when the Arab oil embargo began to lift the price of petroleum products.

#### PRICE DEVELOPMENTS IN 1974

Consumer prices generally accelerated early in 1974 under the impetus of the increased costs of food and fuels. Although the pace of increases in the consumer price index slowed somewhat in the spring, the rate of advance remained in the double digit range. Just when the direct impact of fuel price increases were dissipating somewhat and food prices were beginning to recede, the prices of industrial commodities started accelerating—reflecting the ending of controls in April and the effects of previous increases in fuel and other costs being passed through to end products. Price advances in services also speeded up.

Wages have also begun to contribute more to price pressures. Wage rates began to rise somewhat more rapidly in 1973 following the relaxation of Phase II controls in January of that year. During 1972, pay increases had been generally moderate—increasing at an annual rate of about 5½ per cent, in line with Pay Board standards. Wage increases moved up to an annual rate of 6.7 per cent in 1973 as collective bargaining settlements took place in several key industries—notably in the automobile industry—and workers attempted to keep wages advancing in line with the cost-of-living. But the pay increases lagged the rapid rise in prices, and real weekly take home pay began to decline in the Spring of 1973.

This erosion of the purchasing power of workers has continued so far in 1974, although wage rate increases stepped up sharply. The average real take home pay of a nonfarm worker with three dependents is now about 6½ per cent below the peak reached in the Fall of 1972. This loss of real earnings is now the major factor behind the pressure for larger wage increases. It is somewhat surprising that demands for higher pay were not more evident earlier. In the second quarter of 1974, wages (as measured by the average hourly earnings index, which is the closest available measure of average wage rates) grew at an annual rate of 9.4 per cent—compared with a 6.7 per cent rate of increase over the four quarters of 1973. The largest wage increases recently have been in manufacturing where settlements in several key industries became effective, and large cost-of-living adjustments were reflected in pay rates. However, acceleration has been marked in construction and the less unionized service and trade sectors as well.

The larger wage advances have put upward pressure on unit labor costs and prices. The situation has been exacerbated by the poor performance of productivity where growth has been well below trend. Productivity gains had moderated after the second quarter of 1973 (as often occurs when output growth slows) and turned negative in the first part of 1974. With hourly compensation rising substantially over the same period, unit labor costs increased rapidly

<sup>1</sup> Specifically, in 1973, the consumer price index (CPI) increased by 8.8 per cent (December, 1972-December, 1973). Food prices rose 20 per cent and accounted for half of the advance in the CPI. Gasoline prices rose nearly 20 per cent and fuel oil 47 per cent; together they accounted for about 10 per cent of the increase in the CPI in 1973.

(at an annual rate of 13.5 per cent in the first half of 1974)—the largest half-year increase since the Korean War.

#### THE OUTLOOK FOR INFLATION

The outlook for moderating inflation is not completely bleak. The bulge in prices following the removal of controls on all commodities (except petroleum) on April 30 is undoubtedly temporary. Also, fuel prices should stabilize, and the largest part of the direct impact of higher energy prices on goods and services may be behind us. A slower rate of real output growth may also moderate excessively high demand pressures.

Nevertheless, it does not appear that inflation will recede to a tolerable rate in the near future. Many of the extraordinary increases in labor costs and in materials and fuels that we are now experiencing will be working their way through into prices of finished goods in coming months. The 1975 model automobiles will cost substantially more. Recently announcements have been made of further substantial price increases for steel mill products, lead, and fabricated aluminum. In addition, many products—such as synthetic textiles, rubber, plastics, and fertilizers—depend on derivatives of petroleum, and these prices are now much higher than a few months ago.

Although food prices at the wholesale level had receded somewhat through the spring, there are two factors which are certain to put upward pressures on retail prices later in the year: droughts in the Midwest will result in lower than anticipated grain harvests in the fall, and this is likely to maintain or increase costs for livestock feeds. Moreover, continuing food shortages in many parts of the world—especially in India and Africa—may maintain strong demand for our wheat exports. Thus, relatively high world prices for foodstuffs are likely to persist. Farm prices are also likely to be bolstered by the much higher costs of petrochemical fertilizers and the costs of operating farm machinery.

The wholesale price index for July (to be released in the next day or so) will almost certainly indicate a sharp rise in farm prices—which unless reversed, will be reflected to some degree in retail prices in the months ahead.

Wages and labor costs are also likely to continue to increase rapidly. Much of the uptrend has been stimulated by a number of settlements in key industries which have set the pattern for bargaining in other areas this year and next. And, with about 45 per cent of the 10½ million workers under major contracts covered by cost-of-living escalators, wage increases will automatically be paid out as consumer prices increase. Other large segments of the population also have their income automatically increased as prices rise. For example, 29 million social security recipients, 2 million retired military and Federal Civil Service employees and postal workers and 13 million food stamp recipients—all receive cost-of-living allowances. In the case of private pensions, steel workers recently negotiated partial cost-of-living protection for their pensions.

In addition to these trends, real weekly take home pay continues to decline. Consequently, "catch-up" pressures are likely to influence wage adjustments for the foreseeable future. And, as wage increases result in rising labor costs, employers are likely to raise prices to maintain profit margins.

#### PUBLIC POLICY TO COMBAT INFLATION

Given this pessimistic near-term outlook for inflation, the task of public policy is clear: our aim should be to reduce over time the rate of price increase—while remaining sensitive to the adverse impact on employment and incomes. Since inflation has been underway for so long—extending back nearly a decade—it has become deeply rooted in the very fabric of the economy. Consequently,

we should have no illusions about our ability to bring about its quick and easy end. Quite the contrary, it will take several years of vigorous—and hopefully enlightened—public policies and genuine sacrifices by all segments of the private economy. This means that traditional monetary and fiscal policy must be restrictive, and increases in both wages and prices must be moderated.

As far as the Federal Reserve is concerned, our basic position has been stated explicitly many times: we will provide bank reserves sufficient to accommodate an orderly expansion of economic activity. But we will not allow excessive growth in money and credit which would further stimulate the prevailing inflationary pressures. Of course, opinions differ widely with respect to the degree of success we have achieved in pursuit of this goal. In my judgment, however, I believe monetary policy has contributed about as much to the fight against inflation as one could have reasonably expected—given the conjuncture of special factors such as the sharp rise in food, oil and materials prices discussed above.

The record of monetary developments during the last year can be traced in a few key statistics. The narrowly-defined money supply (consisting of currency and checking accounts owned by the public) rose by 5½ per cent—while the general price level has climbed by 11 per cent. Bank credit (measured by loans and investments of commercial banks) expanded by 12 per cent. During the first half of 1974, the rate of growth of both of the measures quickened somewhat. The money stock rose at an annual rate of 6¼ per cent, and bank credit rose at an annual rate of 13½ per cent. However, bank loans to businesses increased at an annual rate of more than 20 per cent during the same period.

Since the Federal Reserve has not allowed bank reserves to increase at a rate fast enough to enable all of the strong credit demands to be met, market interest rates have risen substantially. For instance, in recent weeks, short-term commercial paper rates have been in the range of 11½ to 12½ per cent. In the long-term market, interest rates have also climbed significantly. Thus, the highest-grade corporate bonds are offering around 10 per cent. Yields on tax-exempt issues sold by State and local governments have been averaging roughly 6½ per cent. Interest rates on home mortgages are at 9 per cent or more.

I assure you that interest rates at these levels (some of which are at the highest levels in the nation's recorded history) and the tight credit conditions from which they arise do not bring any pleasure to anyone in the Federal Reserve System. We know that—because of the pressures in money and capital markets—many potential borrowers have not been able to obtain funds in the amounts needed or in a timely fashion. For example, since the beginning of June alone, almost \$2 billion of corporate bond and stock offerings have been cancelled or postponed. Over the same period, State and local governments have cancelled or postponed about \$800 million of offerings. The housing sector has already been carrying the burden of rising land and construction costs and overbuilding in some sections of the country, while also suffering from fears of a gasoline shortage. On top of these troubles, sharply higher interest rates and the reduced availability of mortgage credit at savings institutions and commercial banks have brought still more adverse effects to the housing sector.

In passing, I should note that these adverse effects of monetary restraint on particular sectors of the economy did not come as a surprise. In my case, I have devoted a great deal of time and effort to documenting the adverse effects of monetary restraint on sectoral credit flows. In essence, during pe-

riods of substantial monetary restraint, the resulting higher costs and lesser availability of bank credit strike different sectors of the economy most unevenly. In general, banks show a strong preference for lending to long-standing business customers (particularly large corporations) while other types of borrowers receive a reduced share of the available funds. At the same time, there is typically a sharp shift in the flow of funds away from housing, State and local governments, small business, finance companies, and farmers. In contrast, business borrowers are affected to a much lesser extent—although the cost of funds to them does rise substantially.

Given this situation, as long ago as April, 1970, I suggested that the Federal Reserve Board be given authority to establish supplemental reserve requirements on bank assets. Such supplemental reserves would have been set on a differential basis—thus allowing the Board to encourage banks to channel funds into areas of high national priority and to discourage bank credit lending in areas of lesser importance. Unfortunately, although in 1970 Congressional hearings were held on a bill containing many of the features of the proposal which I advanced, little came of it.

Consequently, I was delighted to see Congressman Henry S. Reuss introduce a bill a short time ago which seeks to achieve the same objectives. In fact, his proposed legislation is superior to the earlier approach because it would provide for the establishment of a system of both supplementary reserves and credits. This provision would endow the Board with an additional instrument which would make it possible to cope more effectively with the distortion in the sectoral distribution of bank credit which typically occurs during periods of monetary restraint. I was personally pleased to support the proposed legislation, although the Board believes that it would be inappropriate to grant the central bank this discretionary power.

In the meantime, despite the adverse side effects of monetary restraint, I personally believe that we have no real alternative to continued reliance on monetary policy for a significant contribution to the fight against inflation. Yet, I can also assure you that I am personally convinced the Federal Reserve will be ever alert to the strains on our financial institutions and will act with the sensitivity that the situation requires.

Given the serious inflation problem, a firm fiscal stance is also necessary. The budget currently calls for a slowdown in Federal spending in the second half of 1974—and for even greater restraint in the first half of 1975. The Federal deficit, however, is still expected to increase significantly—primarily because the slower growth of the economy tends to have an adverse effect on tax receipts. On a full employment basis, the budget outlook is clearly in the direction of fiscal restraint. And that is as it must be. In addition, the Administration has recently announced plans to reduce the size of the projected budget by paring spending by some \$5 billion to a \$300 billion level. This would be of some help—if it can be accomplished. Congress for its part should resist any temptation to stimulate economic activity by cutting personal taxes because this would run counter to the requirements of an appropriate fiscal policy.

It is clear that the monetary and fiscal restraint will have an adverse effect on levels of economic activity and employment generally and particularly on certain sectors of the economy, especially housing. These by-products of tight policies can be minimized to some extent, but not avoided entirely. Corrective action can be taken directly in some areas. To this end, I would recommend alleviating unemployment problems, when necessary, by expansion of the Public Employment Program and the strengthening of the unemployment insurance system. The incidence of credit restraint has been dis-



proportionately heavy on housing, and further selective aids to this sector may be necessary.

Nevertheless, I am convinced that traditional monetary and fiscal policy should not be our only weapons in the fight against inflation. For this reason, I was delighted to join with my colleagues earlier this week in recommending to Congress that machinery be revised which would enable the Federal Government to intervene in wage and price developments in pace-setting industries. We took note of the fact that the pace of wage advances in the construction industry is again accelerating—threatening to erase the gains achieved under the Construction Industry Stabilization Committee. We urged the reestablishment of that Committee. The Board also urged "... the Congress to reestablish the Cost of Living Council and to empower it, as the need arises, to appoint ad hoc boards that could delay wage and price increases in key industries, hold hearings, make recommendations, monitor results, issue reports, and thus bring the force of public opinion to bear on wage and price changes that appear to involve an abuse of economic power. . . ."

#### CONCLUDING OBSERVATIONS

In conclusion, inflation is the most acute economic problem facing the United States (and much of the world as well). It cannot be ended quickly. There are special obstacles to bringing it under control when the economy is already sluggish, with unemployment rising—yet, with cost pressures continuing strong. But progress can be made with prudent use of monetary and fiscal policy—supplemented by some form of direct Government influence in the determination of key wage and price decisions. The fight against inflation cannot be waged without costs, but the consequences of not ending the inflationary spiral would impose a far heavier burden on the long-run economic welfare of the American people.

### PRISON REFORM FALTERS IN NEW YORK

#### HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. BADILLO. Mr. Speaker, there are relatively few issues which have been the subject of more rhetoric and discussion and the object of less action than the pressing need for the reform of our prisons and the establishment of certain basic rights for prisoners. In fact, the only time attention is given to our penal systems and to the men and women who are confined in the more than 4,000 jails throughout the country is when there is a disturbance or other incident which attracts the Nation's interest. Otherwise the more than 400,000 prisoners in the United States are generally ignored by a system which really does very little to rehabilitate them and properly prepare them for a return to society and which ignores many of their most basic rights and, in some instances, even their human dignity.

This morning's New York Times carries a very perceptive article on the current state of the New York State Prison System and I must say that it paints a very disappointing picture. This article's revelations support the sentiment that corrections directors may come and go but there is no basic change in the system or the manner in which prisoners

are treated. Many had expected and hoped, for example, that the new corrections commissioner in New York would undertake some long overdue reforms in the prison system and that he would institute progressive programs which would provide meaningful training and rehabilitation for inmates in New York. While some changes have been made here and there the overall picture continues to be most discouraging and substantive reform is only paid lip service at best.

I continue to receive letters from inmates at various New York institutions who claim that they have not been provided with useful training or rehabilitation services and who charge that many of their rights continue to be abridged. And it is important to understand, Mr. Speaker, that just because a person may be imprisoned, he or she still possesses a number of important civil rights.

The state of affairs so graphically described in this well-written article further reinforces my contention that we must take definitive action to clearly define and provide safeguards for the rights of prisoners, such as I have proposed in my Prisoner Rights Act, H.R. 4188. I strongly believe that the Federal Government should take the lead in this area and, by implementing the language of my bill, it could provide a model to be followed by the States.

One of the greatest tragedies we face today is the failure of most of the penal institutions and prisons systems in this land to effectively rehabilitate prisoners and to equip them for return to their families, jobs, and communities. Some progress has been achieved here and there but, in the main, the problem remains virtually untouched. Tragically, prison, and corrections officials have a punitive attitude and see themselves simply as the caretakers of prisoners. Far too little is done to furnish the men and women who inhabit the Nation's prisons with well-structured and relevant education and rehabilitation programs. This situation is seriously exacerbated by the frequent denial of rights to prisoners and, in some instances, action which infringes on an inmate's ability to have access to due process and to fundamental justice.

Mr. Speaker, I urge that our colleague's carefully consider this article and I am hopeful that affirmative action will soon be taken on the Prisoner Rights Act.

The article follows:

#### STATE'S PRISON SYSTEM ASSAILED BY BOTH INSIDERS AND OUTSIDERS

(By Fred Ferretti)

About two months after the Attica prison rebellion of 1971, Malcolm Wilson, then Lieutenant Governor, listened for 45 minutes to plans of private companies for giving job training to inmates of the state's prisons, as well as to a proposal for creation of a businessmen's advisory council to the State Commission of Correction.

He studied them and, according to the man who proposed them, Burton Schoenbach, a former member of the Commission, who was not reappointed last September, then said, "It's a good program. Why give it to prisoners?"

Through a spokesman, Governor Wilson said the attribution of the quotation to him by Mr. Schoenbach, a fellow Republican,

was "an incredible, shoddy untruth," and that "Mr. Schoenbach is becoming increasingly irresponsible in his passion for personal publicity."

Said Mr. Schoenbach, Manhattan textile manufacturer and former consultant to the Senate committee on crime and correction, "I'll take a polygraph test on that quote and the meeting. If the Governor wants to also, that's fine."

#### INSIDERS AND OUTSIDERS

The antagonisms between the state's highest official and a man who sees himself as the unofficial ombudsman of the state's prison system is indicative of the broader clash between the state's two corrections monoliths—one official, consisting of the Commission of Correction and the separate Department of Corrections and its 9,000 employees who oversee an inmate population of 14,000; the legislators who continually press for prison reform, civic and citizens groups concerned with prisoner rehabilitation, prisoner lobbying groups, and businesses and corporations eager to join in rehabilitation programs.

Even within the official corrections bureaucracy, legislative sources say, there is friction, as forces favoring rehabilitative programming vie continually—and they say ineffectively—with those whose preoccupation is with security. Leadership of the latter group is provided, these sources say, by Governor Wilson and Corrections Commissioner Peter Preiser, under whose direction the Corrections Department attitude has reportedly hardened since the departure of Russell Oswald as Commissioner last year.

#### TWO OFFICIAL BODIES

Records and official minutes of the State Commission on Correction, obtained by The New York Times, indicate that body's reluctance to intrude upon the Corrections Department, despite the fact that it is invested with the power to do runs state correctional facilities; the Commission is a part-on all levels in the state. In July of 1973 Albert Berkowitz, an upstate attorney, now Chairman of the Correction Commission, but then a member under the chairmanship of Mr. Preiser, said at a formal meeting, "I have been on the Commission for a while and I have never received a complaint from an inmate."

And later he said "it is, beneath the dignity" of Commission members to handle complaints by inmates.

"If any member of the Commission infringes on the activities of the Department of Correctional Services," Mr. Berkowitz said at another meeting, "I think it is very embarrassing and the member should not express the sentiment of this Commission."

The unofficial corrections bureaucracy sees Commissioner Berkowitz's remarks as typifying the ineffectiveness of the Commission and its lack of desire to effect changes in the barraging and the member tends that its well-meaning efforts are ridiculed, discarded or ignored—as the meddling of outsiders—by the official state corrections bureaucracy.

... politics and personalities of the two forces continued last week, played against the background of two reports. One was an audit of the prison system's rehabilitation programs by State Controller Arthur Levitt, the only Democrat in the state's elected hierarchy; the other was a report by Commissioner Preiser on his 14-month stewardship of the department.

Mr. Levitt's audit concluded that the state's rehabilitative programs—training, educational, temporary release—were inadequate and that diagnostic services to pass prisoners into programs functioned poorly. The result was, the audit said, that the programs contributed to recidivism.

Mr. Preiser characterized the audit's conclusions as "fallacious logic" and said that there were no firm studies on the causes of

recidivism that would lead to the Controller's conclusions.

In his report, Mr. Preiser, who was appointed Commissioner on May 1, 1973, said he had effected a number of changes to "reflect what is out there in the community."

"I have restructured health services and instituted a multifaceted ministerial program using community ministers. I've established the Tappan and Taconic medium security facilities as well as the four minimum facilities we're to open in New York."

These will be Bay View at 10th Avenue and 22d Street, which will eventually house 125 men; another at 122d Street and Mount Morris Avenue for 150 women; another on 110th Street between Fifth and Lenox Avenues for 125 men, and a fourth at 611 Edgecomb Avenue in Washington Heights. "These will be the first state facilities in New York City, ever," Mr. Preiser said.

Perhaps the most vocal of the unofficial corrections organizations is the Fortune Society. It maintains that Mr. Preiser's reforms are "cosmetic."

The Society, made up of former prisoners, operates as a lobby urging a broad range of prison improvements. David Rothenberg, its executive director, says that the Corrections Department under Mr. Preiser "has tightened so much, nobody from outside gets in."

In a recent interview, Mr. Rothenberg said that "the department is really not interested in change, only in public relations, only in making itself look good on paper."

Mr. Rothenberg said that although he is on approved prison visiting lists, he is often denied entry into prisons.

#### 'INNUENDOS AND LIES'

Mr. Preiser said that most of the instances cited by the Fortune Society and other civilian groups are investigated by a special staff that handles inmate complaints. Under the office of Inspector General, this staff investigates about 1,000 complaints a year from inmates, ranging from poor food to brutality, although "brutality charges are practically nil now," according to Mr. Preiser. He said complaints had dropped "way down" in the last several years. Mr. Rothenberg and Mr. Schoenbach dispute this.

Mr. Preiser denies that the members of the Society are banned from entering the prisons as a matter of policy, but he admits that in certain instances "wardens, because of innuendoes and lies [issuing from the Society], might restrict them. These lies could be the source of such resentment."

In dealing with inmate complaints, Mr. Preiser said that he has to go through a "welter" of charges and "we have to have evidence, particularly in the area of officer chastisement. We must have evidence."

"It is not offensive to me to be called security-conscious," Mr. Preiser said. "Look, we've got these bastilles for prisons, with 40-foot walls and little cells. We have to lock people up in them. There's not enough schoolrooms, nor training room, so we have to engraft on the system. It's still cosmetic change, and there's no way to make it look pleasant."

"Nobody's happy to have to lock up a human being. But corrections is not a pleasant business. You know, in security, there is a need to protect inmates from each other too. And when you talk of prisoner rights, you know I have a responsibility to the 5,000 guards who put their lives on the line every day too. And it's difficult to keep their morale up with all of the criticism they get."

#### 'I'M TRYING'

"I am security conscious," Mr. Preiser said in an interview last week. "Anyone who is not is not doing his job. The people sent to us are those that judges generally feel are dangerous to be on the streets. That's a valid consideration."

He said that because of the press of his duties, "maybe I'm not as responsive as I should be," but, he said, "I'm trying to deliver the services."

Bills proposing creation of a prison-system ombudsman and mandating release to the public of parole information died in committee at the last legislative session, and the legislators who sponsored them say they died because Mr. Preiser wanted them dead, and because Governor Wilson did not interfere.

Assemblyman Franz S. Leichter, Democrat of Manhattan, who sponsored an ombudsman bill, said that Mr. Preiser's predecessor, Mr. Oswald, had been receptive to the concept of an ombudsman, but that Mr. Preiser "went up the wall when it was proposed."

"He said it would just create another Commissioner of Corrections," Mr. Leichter said. "What it really was, in my opinion, was the fact that the wardens and the corrections officers wouldn't go for it, and Preiser is anxious only to keep the lid on, to protect these guys. He's a big apologist. He has no real desire to make change."

Mr. Preiser said he recalled that he chatted a few times with Mr. Leichter on the phone, but did not recall meeting with him. The Commissioner said he felt an ombudsman would add another bureaucratic layer in his department, and thus opposed its creation. He said the office of Inspector General in his department was sufficient to investigate inmate claims.

As to going "up the wall," Mr. Preiser said he has "never expressed anger to a legislator." Senator Emanuel Gold, Democrat of Queens and vice chairman on the Senate Committee on Crime and Corrections, sponsored a bill that would have to state publicly its reasons for denying parole to an inmate. The bill was never reported out of committee. Said Mr. Gold: "There was a tendency upon the part of Mr. Preiser to not comprehend what we were talking about."

Mr. Gold, nevertheless, is mildly supportive of Mr. Preiser. "You get the feeling that most of his stuff is cosmetic, to get people off his back for a while, but I have to say that he's trying and he's willing. I don't think he's an individual who doesn't care. I don't think he took the job to be a hack."

Senator Robert Garcia, Democrat of the Bronx, is one legislator concerned with prison matters who has regard for Mr. Preiser. "He tells it the way it is," Mr. Garcia said.

#### THE DUNNE INCIDENT

On the other hand, Assemblyman Arthur Eve, Democrat of Buffalo, a member of the Attica team of observers and an ardent advocate of prison reform, said: "Preiser is worse than Oswald. He's deceptive and I think dishonest. He talks a great game, but there's no follow-through. He's not geared to investigation. He's psychologically not up to taking on the guards. Oswald tried and he got dumped."

The Senate Committee on Crime and Corrections, now chaired by Ralph J. Marino, Republican of Nassau, has taken a softer stance with regard to Corrections Department matters than it did under his predecessor, Senator John Dunne, also a Nassau Republican.

Mr. Dunne, a devoted advocate of prison reform and a frequent visitor to state prisons, toured the entire prison system after the Attica uprising, and he acquired an entourage of observers, newsmen, and other legislators.

It became common knowledge that then Governor Rockefeller was disturbed by Mr. Dunne's publicized trip and several times Earl Brydges, the late Senate Majority leader, personally suggested to Mr. Dunne that it was not politically wise to continue to call attention to the prison system's shortcomings.

Subsequently, Mr. Dunne's call for a meeting of his committee in Manhattan went unheeded three times as he sat alone in the

state office building downtown. At the next session of the Legislature, Mr. Dunne found himself chairing the Insurance Committee.

Mr. Dunne declines to comment on that incident, but an intimate notes that "Insurance is a promotion, and John wanted it."

#### PORTUGUESE AFRICA AND RHODESIAN SANCTIONS

#### HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FRASER. Mr. Speaker, a speech, which may be of interest to those arguing against a reimposition of U.N. sanctions against Southern Rhodesia, was delivered by President Spínola of Portugal on July 27.

President Spínola stated:

The moment has come for the President of the republic to reiterate solemnly the right of all people from the overseas Portuguese territories to self determination, including the immediate recognition of their right to independence.

He continued by announcing that the Portuguese are prepared "from this moment to initiate the transfer of power to the people of the overseas territories considered suitable for this development; namely, Guinea, Angola, and Mozambique." August 4, Portugal said it was ready to grant immediate independence to Guinea-Bissau.

The significance of this is obvious. The illegal Smith regime has remained in power in large part due to the assistance given by the Portuguese colonies through trade and free transit. With the granting of independence and subsequent rise to power of the black majority the assistance of the past years will no longer be forthcoming.

Rhodesia will be bounded by black-ruled neighbors to the north, east, west and southwest. The 288,000 whites in Salisbury will be required to hold 1,500 miles of unfriendly border as opposed to 800. In addition, this small white minority will be attempting to rule a black population of 5.4 million while simultaneously keeping her neighbors, which total 12 million, at bay.

With a newly independent Mozambique to her east, the illegal regime in Rhodesia will find itself in a stranglehold. Its life-supporting trade routes will be severed and will lose vital protection the Portuguese colony had provided on the northern and eastern flanks.

Thus, pitted against the U.N. embargo, the closing of its borders and waning South African support, the Smith regime will either agree to settle with the black Rhodesian majority or wage a long war of attrition.

The day that majority rule in Southern Rhodesia becomes a reality is within sight. By violating U.N. sanctions we run the risk of angering the future rulers and permanently depriving ourselves of Rhodesian chrome. It is foolish to believe that a black Rhodesian government would look favorably upon a country



which not only refused to lend support to their struggle but actually aided their oppressors.

Before concluding, I ask my colleagues to consider one last point. The U.N. sanctions were imposed to bring about peaceful change in Rhodesia. Our violation of sanctions has been a tremendous boost to the morale of the Smith regime. By continuing to violate sanctions we encourage this illegal government to remain in power and increase the possibility of a bloody war in Southern Africa.

Mr. Speaker, by reimposing sanctions not only do we insure future supplies of raw materials—both from Rhodesia and other black African nations—but also, the loss of U.S. support will encourage Smith to negotiate with the black majority and avert massive bloodshed. In light of these facts I ask my colleagues to support S. 1868—a bill to reimpose economic sanctions against Southern Rhodesia.

#### THE NEED FOR PASS THROUGH

#### HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HARRINGTON. Mr. Speaker, I insert in the RECORD at this time my testimony given before the Subcommittee on Compensation and Pension of the House Committee on Veterans' Affairs, for the attention of my colleagues. A copy of my statement follows:

#### THE NEED FOR "PASS THROUGH"

Mr. Chairman and Members of the Subcommittee, I come before you today to discuss H.R. 12787, legislation I first offered on February 13 of this year to prevent veterans and their dependents and widows, from losing their eligibility for veterans benefits or suffering a decrease in the amount of such benefits because of increases in monthly Social Security payments. This legislation would "pass through" the 11 per cent Social Security benefit increases which went into effect earlier this year, to recipients of veterans pensions and compensation who also receive Social Security. Veterans and their families would also be protected against adverse effects on their VA benefits from future cost-of-living Social Security increases.

Mr. Chairman, I wish to thank you for this opportunity to testify on behalf of this legislation, since the many bills introduced in this and previous Congresses to "pass through" Social Security increases to veterans demonstrate the widespread Congressional interest in meeting the pressing need to allow veterans and their dependents to receive the full Social Security increase intended by Congress. More than a quarter of my colleagues in the House have joined with me and Congressmen Reid and Conte in sponsoring H.R. 12787. Speedy action by the Veterans' Affairs Committee on this important legislation would give the House of Representatives the opportunity to enact legislation along the lines of H.R. 12787, and solve the problem of inadequate coordination between the Social Security and veterans pension systems which has continued too long.

#### PROBLEMS OF THE ELDERLY

The recently updated study of the 1971 White House Conference on Aging by the Senate Special Committee on Aging, and the House Special Education Subcommittee, re-

viewed the major problems of the elderly. The study showed that the fixed incomes of many of our nation's elderly render them defenseless against spiraling inflation. Rapidly rising food, medical, housing and transportation costs have had a severe impact on our older Americans.

Proportionally, the elderly bear a large share of our nation's poverty. While the elderly comprise about 10 per cent of our total population, nearly 20 per cent of our country's poor are over the age of 65. In Massachusetts, nearly one quarter (23.5%) of the state's poor are elderly.

These grim facts point to the continuing need to better the lives of elderly Americans. While Social Security has increasingly become the key components of the income maintenance of Americans over 65, it does not yet provide a wholly satisfactory level of income. Currently, the average monthly payment to an individual recipient is \$179.35, or \$2152.20 per year. Although an expanded Social Security program providing sufficient income to every elderly American would be most desirable, at the present level of funding, we must recognize that VA pensions provide an essential supplement to Social Security for millions of Americans. I have received countless letters from all over the country testifying to the marginal existence of many VA pensioners even after the recent 11 per cent increase in Social Security. To reduce the VA pensions of over a million people, as would happen next January if legislation like H.R. 12787 is not enacted, would cause serious and unnecessary hardship.

Most of the letters I have received raise two fundamental points: that veterans pensions are necessary for the welfare of recipients and, perhaps more importantly, these benefits exist for the purpose of repaying our veterans for their service to our country. Therefore, the legislation I propose should not be viewed as unjustly favoring veterans, because veterans benefits have always represented much more than a retirement pension. A VA pension should not be considered Social Security under another name, and should not be linked to the amount of Social Security a veteran receives.

#### DETERMINATION OF BENEFITS

The current system of veterans benefits contains certain types of pensions and compensation which are income-connected, i.e., the amount of the benefit is determined by the amount of outside income the veteran or his dependent receives. H.R. 12787 addresses these types of pension and compensation. A pension given to a veteran for a non-service-connected disability, or for service, is income-connected, as is a pension given to a deceased veteran's survivors, if he died from non-service-connected causes. Compensation, on the other hand, is given to veterans suffering from service-connected disabilities, and to the dependents and survivors of a veteran who died from service-connected causes. Usually compensation is paid according to the degree of disability, and is not in any way related to the recipient's outside income. However, parents of a deceased veteran who were dependent on him for support—a category which includes over 180,000 persons—receive Dependency and Indemnity Compensation (DIC) which is income-connected.

In 1973, there were over one million veterans receiving income-connected pensions, according to the 1973 Annual Report of the Veterans Administration. In addition, there were almost 1.3 million widows and children of veterans who also received such pensions. The Veterans Administration has estimated that 76 per cent of the total 2.3 million pension recipients also receive monthly Social Security benefits.

Thus, at least 1.7 million persons receiving VA pensions will be affected by the most recent Social Security increases. In Massachusetts alone, for example, over 45,000 veterans

and their surviving dependents receive both VA pensions and Social Security benefits.

Since 1972, veterans law has, in most cases, protected VA recipients from any aggregate loss of income as a result of Social Security increases. But because a certain percentage of Social Security increases are deducted from VA benefits, VA recipients are deprived of the full beneficial effect of Social Security increases enacted by Congress.

In November and December of every year, the Veterans Administration computes the annual incomes from the past year of pension recipients and DIC parents, in order to determine whether readjustments are needed in benefits to be paid the following year.

Income from Social Security is included in the VA's annual income determinations. Thus, when Social Security benefits go up, a VA benefit recipient is unable to obtain the full increase, since he or she now receives a greater amount of computed outside income, and the VA pension is correspondingly decreased to offset the Social Security increase.

For example, the Veterans Administration has released data on the effect of P.L. 92-603, enacted on October 3, 1972, on veterans' widows. P.L. 92-603 contained a provision which allowed a widow to receive 100 per cent of her late husband's Social Security benefit, rather than only 32.5 per cent. 611,354 widows without dependents were to receive an average increase of \$12.93 per month through this provision. However, with the annual VA pension readjustment, the widow would actually realize only a gain of \$5.36 per month. While this result was later partially offset by the 10 per cent increase in veterans pensions in P.L. 93-177, these widows never received the full benefits of \$12.93 increase intended by Congress.

As an example, one 81-year-old veteran's widow wrote my office to say that she had received a monthly VA pension of \$65 after her husband's death from a heart attack. The \$65 was reduced to \$49 after the VA recomputed her income on the basis of the "Widows' Equalization" provision of P.L. 92-603. When the VA 10 per cent increase occurred, she began to receive \$53. She wrote us, because she was concerned that she will lose more of her VA benefit as a result of her Social Security benefit rising by 11 per cent to \$178 last month. This elderly woman is partially blind, but not sufficiently disabled to require an attendant or hospitalization. She currently must pay much of her income for property taxes, since she still lives alone in the house she and her late husband purchased many years ago. She cannot live at all comfortably on such an income today; yet she faces the prospect of further income reductions.

Last year Congress enacted a two-step 11 per cent cost-of-living increase in monthly Social Security benefits, which became effective in March and June of this year. The Veterans Administration has estimated that 1½ million veterans and dependents will experience a reduction of veterans benefits as a result, while over 75,000 VA benefit recipients will have their pensions terminated when their income is recomputed for calendar year 1975, since their new income will exceed the ceiling for VA benefit eligibility.

We need only look at the information available on the results of the last Social Security cost-of-living increase, to anticipate the repercussions of this year's 11 per cent increase. In July, 1972, Congress enacted a 20 per cent Social Security increase, effective October 3, 1972. According to the Veterans Administration, 1.2 million persons received reduced VA benefits, while an additional 20,000 were removed from the rolls solely due to the Social Security increase.

Although in 1972 the new computation formula, in P.L. 92-197 and P.L. 92-198, was designed to ensure that VA benefit recipients

do not suffer a loss in aggregate income as a result of the annual income recomputation, nevertheless 15,000 of the 20,000 pensions terminated on January 1, 1973, caused a drop in the recipient's aggregate income. Furthermore, the remaining 5,000, as well as the 1.2 million with reduced benefits, never received the full 20 per cent increase in Social Security.

The legislation I have introduced would correct this serious flaw in the VA benefit system. Currently, when the Veterans Administration computes annual income, certain types of income are excluded, such as payments on insurance policies, burial costs, salary received for jury duty, and so on. Congress has previously amended this list of exclusions by adding more categories (e.g., P.L. 86-211, P.L. 90-77, P.L. 91-588). H.R. 12787 would add Social Security increases, beginning with the 11 per cent increase of this year, to the list of exclusions.

In order to best explain what exactly H.R. 12787 would accomplish, a detailed analysis of the bill follows:

#### ANALYSIS OF H.R. 12787

Subsection (a) of Section 1 of H.R. 12787 amends subsection (g) of Section 415 of title 38, U.S.C., which concerns payment terms of DIC to parents of deceased veterans. H.R. 12787 would add the new Social Security increases of P.L. 93-66 and P.L. 93-233, and all subsequent cost-of-living increases, to the list of types of income to be excluded from the annual income determination of benefits for DIC parents.

Section 201 of P.L. 93-66, signed into law on July 9, 1973, awarded a cost-of-living increase in Social Security monthly benefits, to be effective after May, 1974. The increase was determined as being the percentage by which the Consumer Price Index of June, 1973, exceeded the index for June, 1972. Therefore, Social Security recipients were to receive a 5.85 per cent increase in monthly benefits.

P.L. 93-233, signed into law December 31, 1973, amended P.L. 93-66, by superseding the 5.85 per cent increase with a two-step 11 per cent increase. Beginning March, 1974, there was to be an increase of 7 per cent, and in June, 1974, an additional 4 per cent increase was to take effect.

The result of Section 1 of H.R. 12787 would be that the 11 per cent increase would be excluded from the annual income determinations for benefit amount and eligibility of DIC parents. Subsequent cost-of-living increases in Social Security, as defined in Section 215 (1) of the Social Security Act, would also be excluded from future determinations.

Subsection (b) of Section 1 of H.R. 12787 would amend Section 503 of Title 38, U.S.C., and would "pass through" Social Security increases for purposes of determining the annual incomes of persons receiving pensions for service, or for non-service-connected disability or death. This amendment would allow all of the Social Security increases of P.L. 93-66 and P.L. 93-233, as well as any subsequent cost-of-living increases, to be excluded from income determinations.

Subsection (c) of Section 1 of H.R. 12787 refers to those veterans still receiving pensions under the "old-law" system which existed prior to July 1, 1960. Since their pensions, while income-connected, are computed differently than the current "new-law" VA pension system, this "grandfather clause" was necessary to include these pensioners in H.R. 12787.

Subsection (a) of Section 2 makes all the amendments of H.R. 12787 effective for calendar years after 1972, i.e., effective as of January 1, 1973.

Subsection (b) has two provisions: first, the Administrator is to restore the entitlement of any person to his or her pension or compensation, if entitlement was lost solely due to the monthly Social Security increases

of P.L. 93-66 and P.L. 93-233. Secondly, the Administrator is to pay in lump sum to any person any pension or compensation which would have been payable, had the person not lost entitlement because of such increases.

While H.R. 12787 contains the essential policy that Social Security increases be passed on to veterans without adverse effect, extensive research has subsequently convinced me that technical improvements ought to be made in the bill, in order to clarify potential ambiguities. As a result, on August 5, 1974, I introduced legislation—H.R. 16256—which I would urge the Subcommittee to consider in lieu of H.R. 12787.

A copy of the new bill has been distributed to the Members of the Subcommittee.

#### ANALYSIS OF H.R. 16256

The new bill contains three changes. First, all references to P.L. 93-66 and P.L. 93-233 are changed to a reference to P.L. 93-233 alone. Since the language of H.R. 12787 could be interpreted to mean that two separate and distinct increases occurred, whereas actually the 11 per cent increase of P.L. 93-233 specifically superseded the earlier increase of P.L. 93-66, I consider the wording of H.R. 16256 to be preferable.

Secondly, the "pass through" provision is no longer to be limited only to cost-of-living increases in Social Security, but will include all subsequent Social Security increases. We have already seen, for example, the detrimental effect the increases of the "Widows' Equalization" provision had on widows' VA pensions. Such types of increases would not be excluded from income determinations in the current wording of H.R. 12787. Furthermore, future across-the-board increases enacted by Congress also might not be "passed through", if they were not specifically labelled "cost-of-living" increases as defined by Section 215(1) of the Social Security Act. H.R. 16256 would extend the "pass through" coverage to prevent such an occurrence. We cannot continue to penalize VA recipients for correction of inequities in the Social Security system, or for Congress' desire to raise Social Security benefits to assist our nation's elderly.

Finally, the effective date of January 1, 1973, would include P.L. 93-66, P.L. 93-233, and all subsequent increases. As a result, a more thorough investigation has shown any lump sum repayment, as provided for in H.R. 12787, to be unnecessary, because no VA recipient will lose any VA benefits due to the most recent cost-of-living increases before January 1, 1975, and I have every hope that legislation like H.R. 16256 will have been enacted by that date.

#### COSTS OF "PASS THROUGH"

Some have contended that, although the basic purpose of "pass through" legislation may be commendable, the cost of this reform in the VA benefit system is prohibitively high. To answer this argument an estimate of the costs, were a bill like H.R. 16256 to be enacted by Congress, has been obtained from the Veterans Administration. In fiscal 1975, the cost would be only \$70.8 million, since the readjustment of VA benefits, in response to the most recent Social Security increase, would not take place until January 1, 1975; no loss due to "pass through" legislation would be suffered by the Veterans Administration before that date. For the subsequent four fiscal years, the costs would be as follows:

FY 1976, \$209 million.  
FY 1977, \$270.6 million.  
FY 1978, \$323.3 million.  
FY 1979, \$329.3 million.

It seems to me that these figures are a minimal price to pay in order to correct the serious inequity in the VA benefit system, which has been allowed to hurt our veterans and their widows and dependents for too long.

The reason I hope you will act favorably on H.R. 16256 seems to me to be clear. As the law now stands, each time Congress seeks to enact a Social Security increase and thus to help our nation's elderly, flaws in our veteran laws effectively prevent this assistance from ever reaching those for whom it was intended. What makes the problem addressed by H.R. 16256 so tragic is that those deprived of assistance are those who are the most needy—the elderly who must fight inflation on fixed incomes.

Ultimately my bill is simple: it seeks to separate Social Security from veterans benefits and it seeks to "pass through" Social Security increases to veterans and their widows and dependents, leaving untouched the veterans pensions they both deserve and need.

#### VETERANS DAY

#### HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. TEAGUE. Mr. Speaker, as the time of year approaches when Veterans Day will be observed, I would like to have the following statement of Louis F. Zaruba, National Junior Vice Commander of Veterans of World War I, printed in the CONGRESSIONAL RECORD. I have cosponsored legislation to return observance of Veterans Day back to November 11 and it is my fervent hope that as the years pass, future Americans will never forget the significance of the events that occurred on Armistice Day, 1918.

The letter follows:

NOVEMBER 11TH—VETERANS DAY—ARMISTICE DAY

November 11, 1918 was our first Armistice Day. It was officially recognized in 1926 as a commemoration of the signing of the Armistice which ended World War I at the 11th hour of the 11th day of the 11th month. All over America, people paused to pay solemn tribute to all veterans on this date for over four decades.

When we say November 11—Veterans Day—it automatically signifies a symbol of peace and tribute—

Peace that has been achieved—

Tribute to those who achieved it.

In 1968, legislation was enacted to change Veterans Day to the fourth Monday in October. This law became effective in 1971. Its change was to grant a three day holiday to working people, and was supported by the Chamber of Commerce, the unions, airlines, travel bureaus, etc.

Of course, it took over a million lives, and over forty million, cream of the crop, who offered their lives to make all this possible in our country, including the business we hear so much about.

There is little true meaning to an October date. October holiday brings to mind Halloween—hardly in the same category as a sacred patriotic holiday. Tragically, it has become more of a mockery than a day to honor men who served their Nation in its hour of need.

This has been realized by many, and as a result, 42 state legislatures have voted to return to November 11th to celebrate Veterans Day. Even the President of the United States has requested that we reinstate November 11th as Veterans Day in his special Veterans message to the Congress.

Many Members of Congress have authored bills in both Houses which would name



November 11 as the official Federal holiday, and hearings are at present being held.

When Senator Strom Thurmond (R-S.C.) introduced his bill, S. 3079, in favor of restoration of November 11th, he said:

"The meaning of November 11 has been engrained in the American spirit as a time of rededication to the principles of freedom and peace. More than any other group, our veterans should be honored in the year of our Bicentennial. As the Bicentennial serves to remind us of America's rich heritage, November 11 symbolizes America's tribute to all men who have served and fought to preserve that heritage. It will be a fitting tribute to America's veterans if we accomplish the restoration of November 11 as 'National Veterans' Day' in time to correct the historical record before we begin the Bicentennial celebration.

"Mr. Chairman, I respectfully urge the Subcommittee to act favorably on S. 3079, and thereby return to the American veteran the traditional day of National honor, and to the American people a National symbol of our dedication to the cause of freedom. Such a course of action will meet with widespread approval of the American veteran and the American people."

Since many veterans have evolved since, and before the original, November 11th date was designated it behooves all veterans' organizations to work to have Veterans Day reinstated on November 11 now, for if more time passes, there may not be many who will know the history of the importance of that date—the sacrifices made—the lives lost—the tragedies of a war. November 11, Veterans Day, a date that has grown to symbolize the ending, regardless of the date, of all wars in which our country has engaged in.

LOUIS F. ZARUBA,  
National Junior Vice Commander.

#### NFB AND THE NAC

### HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LANDGREBE. Mr. Speaker, next Monday, August 12, there will be a meeting between representatives of the National Federation of the Blind, an organization of 50,000 blind persons, and the National Accreditation Council, a body which receives money from the Federal Government for the purpose of accrediting sheltered workshops for the blind. The NFB has been trying to arrange such a meeting for months, and finally they have succeeded. I would like to include in the RECORD at this point an essay documenting some of the abuses that the NFB has been maintaining the NAC is guilty of:

#### NAC UNMASKED—THE KETTNER CASE (By Joyce Hoffa)

It is not surprising that the Minneapolis Society for the Blind is accredited by NAC. As a matter of fact, the Society's disgraceful behavior in the Kettner Case merely bears out the Federation's contention that the agencies NAC accredits are among the worst of the lot.

NAC would like the world to believe that its standards have some relevance to the nature of programs for the blind. To hear NAC tell it, one would assume that attainment of accreditation means something—that accreditation provides assurance to the

blind and to the public at large that the agency in question operates a quality "professional" program—that its entire performance has been carefully scrutinized by the best available experts in the field and has presumably measured up.

How then, does one resolve such a clear disparity between the virtuous characteristics NAC alleges can be expected of an agency which has won its coveted accreditation and the despicable behavior exhibited by the Minneapolis Society. For we are not here dealing with matters of opinion, or philosophy, or procedure, or semantics, or differing constituencies, or too small a meeting room, or any of the 101 other considerations by which NAC customarily weasels away from the issues. The Kettner travesty did occur. The documentation does exist. The Minneapolis Society is accredited. The Society did knowingly and intentionally play fast and loose with minimum wage provisions of the Fair Labor Standards Act. The Society did certify Kettner as incapable of standard competitive productivity.

Kettner is competitively productive. Do NAC standards really condone such behavior? Do they prohibit it? Do they say nothing about it? Or are the standards themselves merely window dressing on the whole facade—with accreditation having nothing really at all to do with the kind of service an agency gives—being instead a function of money, power, and prestige? Or did NAC simply make a colossal mistake in accrediting the Society? Were its "experts" incapable of analyzing productivity records? Or did they not dig deep enough—looking only at those things Society officials wanted to show them? Did they not bother to talk to workers in the shop? Or did they talk only with those hand-picked workers brought to them by Society officials? Or perhaps were Society officials designated to be on the on-site visit teams slated to review the "experts'" agencies? If so, now that it knows the facts, will NAC withdraw its accreditation? Or will NAC refuse to acknowledge that Kettner occurred?

Let us examine NAC's position for surely even NAC cannot stand idly by in this case. NAC's standards regarding minimum wage payments in sheltered workshops are woefully inadequate. Paltry as they are, the Minneapolis Society fails to meet them. NAC begins by defining a sheltered workshop as "a non-profit organization, public or voluntary, operated for the purposes of providing work training and employment to blind persons who are unable to meet the requirements of regular competitive employment, or for whom such employment is not available."

(As a sidelight, notice the use of the word "voluntary." Presumably this is meant to refer to shops which are more commonly referred to as "private." "Public," one can understand, but "private" [rightly or wrongly] carries a connotation of for the benefit of someone or something other than public. Hence NAC's euphemistic skill comes to the fore, and we have the substitution of "voluntary" shop for "private" shop.)

NAC's definition employs the field's standard rhetoric. Shops are designed for those who are "unable to meet the requirements of regular competitive employment." If NAC had stopped there, one could have only minimal quarrel with its definition of the purpose of the sheltered shop. But NAC also envisions the sheltered shop as a fitting place for the blind person who is competitively employable, but for whom "such employment is not available." One cannot help but wonder if "such employment is not available" because as in Kettner's case and in the Sterner Company's words, "no one ever asked before."

No, NAC's definition of the sheltered shop makes it far too easy for the lazy agency to

use the shop as a convenient dumping ground. After all, a status twenty-six closure (federal rehab jargon) is a status twenty-six—that is, the state rehabilitation agency gets the same federal credit ("status twenty-six: closed employed") for a placement in the sheltered shop as for the best imaginable job in private industry. The state agency gets credit; the federal statistics get credit; the sheltered shop gets credit; and only the blind worker gets shortchanged and left out in the cold—often at less than the minimum wage.

NAC officials would like to have it generally believed that NAC standards require sheltered shops to pay the federal minimum wage. Indeed, on numerous occasions their public statements have attempted to leave this implication:

Direct question to Alexander Handel on the floor of the 1971 National Federation of the Blind Convention: "There is no requirement of NAC standards, is there Mr. Handel, that you have to have minimum wage?"

Mr. HANDEL. "You have to conform to the Federal Minimum Wage and Hour Law."

Question. "Are you saying that NAC will not accredit or will withdraw accreditation from any sheltered workshop which doesn't pay its blind workers a minimum wage?"

Mr. HANDEL. "You didn't understand me correctly. I said that the standards do call for conformance with the wage and hour law."

Former NAC President, Peter Salmon, also found it distasteful to admit that NAC does not require minimum wage payment. His evasion technique was to quote out of context the Comstac Report, page 296, standard 2.10: "The workshop pays wage rates commensurate with those paid for similar types and amounts of work by local commercial and industrial establishments maintaining approved labor standards."

He naturally omitted any reference to standard 2.9.1 which makes it clear that payment of wages below the minimum wage is specifically approved: "Where applicable, the workshop has certificates, from the Wage and Hours Division, U.S. Department of Labor, and from the appropriate state agency authorizing client wages less than the statutory minimum."

In other words, when the whole of what NAC says about workshop wages is examined in context, it is seen that NAC does not prohibit payment of subminimum wages. It merely requires a certain amount of paper work before subminimum payment is allowed.

To NAC's credit, however, it must be pointed out that standards 2.10 through 2.10.6 at least attempt (if somewhat vaguely) to require the shop to make an honest, good faith effort to determine the worker's productivity in comparison to similar types of work performed in non-sheltered situations. In view of NAC's dubious ethical behavior in so many instances and in view of the widespread reports of workshop abuse of wage rate exemption procedures, the question must be raised as to whether standards 2.10 through 2.10.6 and their application deal so inadequately with the problem because of sheer ineptness on the part of the standard writers and applicators or whether there was, indeed, a conscious attempt to leave loopholes.

In any case, the Minneapolis Society's behavior is in clear violation of the Fair Labor Standards Act and in violation of NAC's public statements that it requires adherence to the provisions of that Act. NAC has repeatedly asked for documentation of complaints against its procedures and against its accredited agencies. It has chosen to ignore voluminous documentation presented it. Naturally NAC does not admit that it ignores such documentation. Rather, it uses the curious device of redefining the word "documentation" to meet its own narrow specifications. Here, however, is documentation that NAC must face. It cannot redefine Lawrence

Kettner out of existence. Nor can it continue to accredit the Minneapolis Society for the Blind without exposing itself for all the world to see as the shoddy farce which it is.

Who is Lawrence Kettner? He is only one of the thousands of blind human beings done daily damage by NAC's terrible irresponsibility. Listen well, NAC. For though you have never before heard of Lawrence Kettner, you will hear of him many times in the future. You will hear of him until you cease to be the front which makes such exploitation possible.

Lawrence Kettner owns his own farm near Chaska, Minnesota (about thirty miles from Minneapolis). He applied for assistance from Minnesota Services for the Blind in 1971. It was his desire to continue farming. However, he was told by the Agency that the state could not support a farm program. Minnesota Services for the Blind played an instrumental role in negotiating the lease under which Mr. Kettner's farm is now operated. Because of income from this lease Mr. Kettner was required to pay certain rehabilitation costs.

In 1972 Minnesota Services for the Blind sent Mr. Kettner to the Minneapolis Society for the Blind's Occupational Treatment and Training Program. Subsequent to this so-called O.T. & T. Mr. Kettner had some short-term jobs in private industry. In connection with these jobs, he was told by Agency officials not to indicate to his employers that he was blind—that is, to pretend that he was sighted.

In December of 1973 Minnesota Services for the Blind sent Mr. Kettner back to the Society's O.T. & T. program. On January 7, 1974, Mr. Kettner began a period of evaluation preparatory to becoming an employee of the Society's sheltered workshop. It is during this training and evaluation period that an employee's productivity for purposes of minimum wage exemption is established. Mr. Kettner's evaluation period began in January 7, 1974, and ended on January 25, 1974. No record is shown of January 12. The period, therefore, contained fourteen days. Analysis of Mr. Kettner's production record (the Society's official document substantiating Mr. Kettner's performance for purposes of minimum wage exemption) shows the following facts:

1. The first time study was performed after only five and one-half hours of experience, lasted one and one-quarter hours, and showed a productivity rate of forty-two to fifty-two percent.
2. The first time study had come at the close of a day. The second time study began first thing the following morning. Thus, at the beginning of the second time study, total experience was six and three-quarter hours. The second study lasted four and one-half hours and showed a productivity rate of fifty-one to sixty-three percent.
3. The third time study was performed after twenty-three and three-quarters hours experience, lasted three hours, and showed a productivity rate of sixty-two to seventy-seven percent.
4. The fourth and final time study was performed after forty hours of experience, lasted six hours, and showed a productivity rate of seventy-nine percent.
5. The total hours of experience given are for experience on a variety of jobs—rather than being hours of experience at the particular job being timed.
6. The four time studies came on the third, fourth, sixth and eighth days of training. No time studies at all were performed during the final days when it would be expected that productivity would be at its highest. Indeed, Mr. Kettner's productivity rate rose steadily with each succeeding time study: forty-two to fifty-two percent, then fifty-one to sixty-three percent, then sixty-two to seventy-seven percent, and finally seventy-nine percent. One can hardly help but wonder

why, in view of the steady improvement, the rate studies were suddenly terminated when Mr. Kettner reached a seventy-nine percent productivity rate even though there were six days remaining in the evaluation period. Unless, that is, the object of the evaluation is to try to insure that as few workers as possible reach standard production rates. Then, of course, the reason for the sudden termination becomes distastefully clear. In fact, even with the stacked deck, one wonders what justification can be claimed for setting the productivity level at seventy-five percent when the last time study showed seventy-nine percent and climbing.

Mr. Kettner reports three additional facts which should be noted:

1. The standard output per hour is based on the output of sighted factory workers operating machinery in good working order. For example, the fish fillet board job requires a certain punching operation. The Society's equipment is broken. Thus Mr. Kettner was required to perform the punching operation by hand. Even so, his performance was measured against the standard established by the worker using the machine doing the punching.

2. During the time study period Mr. Kettner frequently ran out of materials. He often sat for nearly an hour waiting for materials. This waiting time was included in determining his piece rate.

3. During the time study period Mr. Kettner was subjected to the harassment of sighted employees and supervisors standing behind him saying "faster, faster." The work area was messy and disorganized.

Mr. Kettner's official evaluation period ended on January 25, 1974. The minimum wage payment is apparently not required during evaluation. During the evaluation period Mr. Kettner was paid from \$.83 to \$1.57 per hour. For the period January 28 through February 1, the production record carries the notation, "We just kept him on until we could get placed." Thus during this period he was no longer in evaluation and training but actually doing regular work. He was paid from \$.90 to \$1.24 per hour. It hardly seems necessary to comment upon the ethics of such behavior, not to mention its implications with respect to the spirit (and, perhaps, the letter) of the Fair Labor Standards Act.

Based on the Society's production record, Mr. Kettner was pressured by Society officials (including Executive Director, Jesse Rosten,) to sign a minimum wage waiver form indicating that he was capable of only seventy-five percent of normal production at \$1.35 per hour from February 4 (his first official day in the Shop) until he actually signed it on February 11. On the day of the actual signing he was badgered in the main office from before 9:00 a.m. until noon. He finally signed because he was told he would sign or be fired. Because of worry over financial obligations due that week he caved in and signed.

Minneapolis Society officials were unaware on February 11 (while they were insisting that they could document and therefore that Mr. Kettner must admit that he could only do substandard work) that he had, on February 8, been hired by Sterner Lighting Company at \$2.17 per hour. The Sterner job was not to commence until February 18, with payday coming still later, but Mr. Kettner's financial obligations were immediate; and he was being threatened with firing, a bad record, and the possible loss of what he had already earned. As a matter of fact, he did not receive pay from the Society for his final days of work until well into March after an attorney contacted the Society in his behalf.

The Minneapolis Society does contract work for Sterner Lighting. Presumably, Sterner farms out its simpler jobs to the blind. The Sterner Company, when approached by Mr. Kettner and a representative of the National Federation of the Blind

of Minnesota (Mrs. Sharon Grostephan) said something to this effect (the words are a paraphrase and not an exact quote): "We've never been asked to hire a blind person before. We guess if they can do our work there (the Society), why not here? But no one has ever asked before."

Mr. Kettner has since received a raise to \$2.25 per hour. The Sterner Company apparently does not regard Mr. Kettner's work as substandard.

Consider the behavior of the officials of the Minneapolis Society for the Blind toward Lawrence Kettner in a broader context. For instance, review the articles concerning the Society which appeared in the Minneapolis Daily American in mid 1972. The headlines themselves are revealing: "Charity Group Refuses to Talk;" "Blind Are Being Kept in the Dark;" "President of Non-Profit Blind Society Given Whopping Contract." In its June 2, 1972 edition the Daily American reported as follows:

The Minneapolis Society for the Blind has refused to answer questions regarding bids on a federally assisted construction project.

The questions arose when the Daily American learned that Richard Johnstone, president of the Society, also is president of the South Side Plumbing and Heating Company, which has the mechanical contract on the project.

The Minneapolis Society for the Blind—a United Fund agency, is a charitable organization chartered by the State of Minnesota as a non-profit corporation.

It receives funds from the Hennepin County Welfare Board, the State of Minnesota, the federal government and the United Fund as well as other private donations.

The Society is constructing an addition to its workshop at 1936 Lyndale Ave. S. The total cost of the project could not be obtained from the Society.

Frank Johnson, executive director of the Society, told the Daily American that the building would cost "about \$800,000." However, he would not divulge details of the contracts or of the bidding.

Frank A. Church, a U.S. official in the Chicago office of the Department of Health, Education and Welfare said that "special problems" are raised if a member of the board bids on such a contract.

"Bids are always supposed to be open and competitive," he said. "In cases like this, the board should take special efforts to make sure that the bidding is open and competitive, and that the bids are opened in an open meeting."

Johnson said that the bids were opened "late in October" of last year. He said that the board of directors did not open bids, but "delegated that responsibility to the building committee."

Johnstone, whose firm got the mechanical contract, is chairman of that building committee as well as president of the Society for the Blind.

Johnson refused to tell the Daily American where and when the bids were opened, or if the meeting was open. He hung up the telephone when the reporter persisted in asking for more information.

So reported the newspaper, but there is no evidence that NAC took notice. The workshop is expanded; its president gets a whopping contract to do the work; and the workers get less than the minimum wage. And NAC accredits and calls it quality.

NAC, you have said you want documentation. Here it is—in great detail. It can be summarized in two words: *Lawrence Kettner*. So what will you do about it? Do you wish to deny that you were aware of the newspaper articles? You can't. They appeared prominently in the October 1972, *Braille Monitor*. Do you wish to deny that you are aware of what appears in the *Monitor*? Nobody would believe it. Would you like to take us to court



on the grounds that we have not told the truth? Come and do it! Will you try to explain it away? Pretend it never happened?—Ignore it?—Or will you revoke the accreditation of the Minneapolis Society? The blind of the nation are waiting—and so are the members of Congress and the responsible agencies in the field. What will you do, NAC? Come up to the line and show us.

**CONGRESSMAN NEDZI HELPED EXPOSE USE OF CIA IN THE WATERGATE COVERUP**

**HON. JAMES G. O'HARA**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. O'HARA. Mr. Speaker, within the past few days, the President of the United States has conceded that the White House had dragged the Central Intelligence Agency as some sort of red herring across the path of the Federal Bureau of Investigation's probe into the Watergate break-in—not, as originally suggested by the President, to protect national security, but rather in a vain effort to protect the President's friends and associates involved in the break-in.

More than a year ago, some of the important clues as to this misuse of the CIA were uncovered by my colleague from Michigan, Mr. NEDZI, in his role as chairman of the House Armed Services Subcommittee on Intelligence Operations. The efforts expended by Mr. NEDZI were reported in an article which appeared on May 24, 1973, edition of the Detroit Free Press.

At a time, Mr. Speaker, when the President was systematically and cynically lying to the American people about the Watergate coverup and the role of the CIA, Mr. NEDZI and his colleagues on the subcommittee were doing an effective job of bringing the truth to light. I commend to my colleagues the full text of the Detroit Free Press article, which gives proper credit to the tenacious investigation carried out by the subcommittee under Mr. NEDZI's able chairmanship:

[From the Detroit Free Press, May 24, 1973]

**NEDZI SPURS PROBE OF WATERGATE**

(By Saul Friedman)

WASHINGTON.—Only one Michigan lawmaker has become involved in getting to the bottom of the Watergate dunghill. But in his quiet way, Rep. Lucien Nedzi, a Detroit Democrat, has been one of the most effective investigators.

Nedzi is chairman of the House armed services subcommittee on intelligence operations. When it was disclosed last month that the Central Intelligence Agency had supplied equipment for the 1971 burglary at the office of Daniel Ellsberg's psychiatrist, Nedzi was the first to get confirmation from the agency's director, James Schlesinger.

More important, Nedzi's phone call to Schlesinger and his persistent inquiries among others at the CIA began the investigation which has now revealed that the White House, and perhaps the President, deliberately used the agency and the excuse of national security in an attempt to smother the Watergate affair.

These disclosures, which Nedzi wrung from the CIA, helped force from the President

Tuesday his startling admission that he did order aspects of Watergate covered up because he thought that the CIA's national security operations could be compromised.

The President went on to say that when he learned that the CIA was not endangered, he told then acting FBI director L. Patrick Gray to "press ahead with his investigation."

Nedzi, to put it mildly, is highly skeptical. His own inquiries leave gaping holes in the President's explanation that he was duped. Discrepancies include:

A CIA memo on the Gray-Nixon conversation, in July, 1972, which Nedzi has, nowhere mentions that the President told Gray to press ahead. Indeed, Gray's recommendation to the President that he fire those White House aides responsible for trying to use the CIA to cover up their guilt was not adopted until nearly a year later.

As late as Feb. 9, according to information Nedzi has, the same presidential aides again made efforts—which were unsuccessful—to get the CIA to impede the FBI investigation.

These attempts came within a few days after Richard Helms, who fought to keep the CIA out of Watergate, was replaced as director by Schlesinger, a former White House aide.

This, among other things, has given Nedzi reason to believe that Helms was fired by the President partly because he stood in the way of efforts to blame Watergate on the CIA.

For two years, as head of his subcommittee, Nedzi has learned more about the CIA and other intelligence operations than any other member of Congress. This is why Nedzi was able to dig out from the agency the White House attempts to tamper with it as part of the Watergate cover-up.

Nedzi, however, is the lone liberal on his committee and his conservative colleagues don't take too kindly to digging up dirt that spatters the White House and some generals within the CIA.

Thus most of the public disclosures of what Nedzi discovered first, have come from Senate intelligence committees, which had not bothered to meet during the period when Helms was removed and the CIA's independence was endangered.

During the height of the Vietnam War, the Pentagon papers show, the CIA's intelligence estimates consistently were thorns in the side of the optimistic projections of the White House, the Pentagon and the State Department.

The CIA, behind closed doors of congressional committees, also dissented from Pentagon claims of Soviet strength which were used to get fatter budgets. Recently, a CIA official gave lie to the claim that North Vietnamese were heavily involved in the present Cambodian civil war.

Nedzi is convinced that it is for these reasons, in addition to what we now know about Watergate, that the White House wanted control of the CIA, which is supposed to be independent and professional enough, when facts warrant, tell an administration what it doesn't want to hear.

In all the furor over Watergate and the CIA, little attention has been given to the man who has been appointed to replace Schlesinger, who has been nominated as defense secretary.

He is William Colby, who ran in Vietnam what was euphemistically called the pacification program, and "Operation Phoenix." This included the assassination, torture and imprisonment of suspected opponents of the South Vietnamese government, and the wholesale, forced evacuation of villages under suspicion as Vietcong strongholds.

In light of recent events, the intelligence committees in both houses of Congress are expected to keep a closer watch on the CIA and its independence.

**FORMER EXIMBANK PRESIDENT UNDER INDICTMENT**

**HON. JOHN H. DENT**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. DENT. Mr. Speaker, for years now I have been making a fight against a pervasive erosion of U.S. economic power in the world marketplace. At the heart of the erosion I have found agencies such as OPIC and, most notably the Export-Import Bank. Their policies have continued to smack of irresponsibility toward the true needs of our economic system, while recently exhibiting an air of unaccountability toward the Congress which originated these programs.

Recently I came across a disturbing example of Exim irresponsibility and possible illegality in a Barron's article written by Shirley Scheibla. It concerns a former Exim president now under indictment, and makes some telling points in regard to motivation and Exim financing:

[From Barron, May 20, 1974]

**CO-PROSPERITY SPHERE?—How EXIMBANK'S KEARNS, JAPAN'S MITSUI DID BUSINESS TOGETHER**

(By Shirley Scheibla)

WASHINGTON.—Back in 1969, Henry Kearns balked at selling his shares in Siam Kraft Paper Co. (a pulp and paper mill in Thailand), to win Senate approval of his nomination for president and chairman of the U.S. Export-Import Bank (Eximbank), which helps finance, at below-market interest rates, the sale of domestic goods and services abroad. However, in order to still the qualms of some lawmakers over his heading the agency, which had a \$14 million loan outstanding to Siam Kraft obtained by him, Mr. Kearns put his 100,000 shares in a blind trust.

Thanks to that compromise, Mr. Kearns today is nearly \$500,000 richer. Last year, Mitsui of Japan, which benefited substantially from Eximbank financing while Mr. Kearns headed the agency, bought the Siam Kraft shares from the trust for half-a-million dollars, perhaps 10 times as much as it was worth in 1969.

**CHARGES MISREPRESENTATION**

Now Siam Kraft is suing Mr. Kearns for fraud in his dealings with it before he went to Eximbank. The company charges in part, that he obtained his shares in Siam Kraft, as well as Eximbank financing, through misrepresentation. Mr. Kearns denies the charges.

Court papers indicate that Siam Kraft was kept afloat through difficult times largely because Eximbank, in an unusual move, agreed to stretch out its loan to 1993. While Mr. Kearns headed Eximbank at the time, he did not participate in the rescheduling decision.

The story of Mr. Kearns and Siam Kraft dates back to 1962, when, as head of Kearns International Business Development Corp., he prompted the idea of such an enterprise in talks with officials of the Kingdom of Thailand. Subsequently, Parsons & Whittemore Inc. (P&W) won a contract from the Agency for International Development to prepare an investment survey on the feasibility of a pulp and paper mill in Thailand.

According to court papers, the survey led to a project proposal by P&W justifying Mr. Kearns' earlier view that such a project would be feasible, profitable and useful to the Thai economy. The documents further disclose that, "based upon the Project Pro-

posal and as the promoter of the project, defendant Henry Kearns, acting through American Capital, a company controlled by Kearns and affiliated or associated with Kearns International, assumed full responsibility for the formation of the plaintiff." Thai Paper Industries Co. Ltd. was formed on July 8, 1965, and three months later Siam Kraft was incorporated as its successor. Siam Kraft proceeded to sign a contract with Parsons & Whittemore to build and operate a plant.

#### AUTHORIZED LOAN

The following June, thanks to Kearns' efforts, Eximbank authorized a loan of \$14 million to Siam Kraft, which was signed on September 28, 1966. For his efforts in its behalf, Siam Kraft gave Mr. Kearns 100,000 shares of stock. (The company has two million common shares outstanding.)

When Mr. Kearns was seeking Senate confirmation of his nomination to head Eximbank, some Senators suggested that he sell his Siam Kraft stock to eliminate any possible conflict of interest. Mr. Kearns, however, told the Senate Banking and Currency Committee on February 13, 1969, that although he had made a determined effort to sell shares "to a rather broad range of prospective buyers," he couldn't make a sale because the company was not yet in operation.

In contrast, when Kearns testified before the Inouye Sub-committee of the Senate Appropriations Committee on May 8, 1973, he said: "When I was up for confirmation, the committee suggested that I sell all of my stock in Siam Kraft and in another Thai company. The Siam Kraft stock was not salable because the plant was not in operation, and to have offered 100,000 shares on the market at that time would have done irreparable damage to the company. I was asked by the other stockholders not to offer it for sale."

During Mr. Kearns' confirmation hearing back in 1969, Senator William W. Proxmire (D., Wis.) told him, "I know you have made a valiant effort to sell your stock. I am convinced that you have. You have gone to all the logical people who would have any interest in buying. It would be a terrible sacrifice if you were required to sell it."

#### IN A BLIND TRUST

At the 1969 hearing, however, Senator Proxmire declared, "I'm just wondering if we're not stretching the conflict of interest provisions or principles in permitting this kind of an arrangement to go ahead."

"It's hard for me to really see how this effectively protects the public interest where you do have a very clear degree of authority over the people who, in turn, are going to determine whether or not this loan is repaid on time and so forth." (As noted earlier, the loan enjoyed one of the longest stretchouts in Eximbank history—to 1993.)

Mr. Kearns replied, "Senator Proxmire, I have done everything I can. If what I have done is not satisfactory, then obviously I can't serve in this position."

In lieu of selling, Mr. Kearns placed his Siam Kraft shares in a blind trust with Bank of America and disqualified himself from participating in any Eximbank decisions concerning Siam Kraft. He did not, however, disqualify himself from participating in Eximbank board decisions involving Mitsui of Japan. At the Senate Appropriations Sub-committee hearing on May 8, 1973, he testified that he had just received word that his Siam Kraft stock had been sold to Mitsui & Co. for par value of \$5 a share, which yielded him the half-million dollars.

#### DATE OF PURCHASE UNKNOWN

Barron's has been unable to determine the exact date Mitsui made the purchase, or whether the latter had any connection with the impending court action. What is clear, however, is that Parsons & Whittemore, claiming various contractual violations by

Siam Kraft, filed suit on May 1, 1973, in Thailand. Siam Kraft subsequently counter-sued, John E. Corette, III, general counsel of Eximbank, said the agency knew the suit was going to be filed six months earlier.

During the 1973 Appropriations hearing, the subcommittee chairman, Senator Daniel K. Inouye (D., Hawaii), told Mr. Kearns that at the time Mitsui bought the stock for \$5 a share, it was traded on the Bangkok stock exchange at approximately \$1.75.

Mr. Kearns retorted: "Well, in the first place I don't think the Bangkok exchange is a stock exchange in terms that you or I would consider a stock exchange. It is operated by one man for his own benefit, and I don't think it has much credence."

In December 1970, so Siam Kraft told a Thailand court, the value of the shares was only about five or 10 baht (20 baht=\$1). While the company's financial condition had improved somewhat by 1973, it still had substantial problems, as is made clear in the court cases pending in Bangkok, New York and Washington.

In any event, Mitsui, which bought the stock at \$5, benefited handsomely from Eximbank actions while Mr. Kearns headed the agency. Consider what happened in 1972. Mitsui Trading Co. had ordered two McDonnell Douglas DC10 jetliners, planning to sell them to All-Nippon Airways. But the Japanese government failed to authorize All-Nippon to put the DC10s into service, thus leaving Mitsui without a market for the planes it had contracted to buy.

Then Eximbank came along and said it would lend \$18 million to a group of Japanese banks, including Mitsui Bank. The funds, in turn, were to be lent to Laker Airways Ltd., a British charter line, to cover 45% of the cost of the two DC10s, about \$40 million. Laker then bought the jets, thus relieving Mitsui Trading Co. of its obligation to take delivery. Whether this transaction was in the U.S. interest is questionable. Laker now plans to undercut fares of hard-pressed American carriers like Pan American World Airways and TWA by offerings to fly passengers from New York to London on its Skytrain for \$117.

As noted earlier, Mr. Kearns did not disqualify himself from participating in Eximbank's board decision involving Mitsui while he headed the agency. During his tenure, Eximbank made 37 separate decisions for guarantees of loans by commercial banks to Mitsui for a grand total of \$33.5 million.

#### MITSUMI'S ROLE

In addition, on July 16, 1972, Eximbank announced direct loans of \$110,897,000 at 6% to two Japanese power companies to help finance the sale of \$246,438,000 of U.S. equipment for nuclear plants. While Eximbank's announcement failed to say so, Mitsui arranged meetings here and in Japan concerning the loans, participated in the negotiations at Eximbank with the principals of the Japanese utilities and is transporting the equipment. Mitsui's role was explained by Roland Fridell, manager of the International Sales division of General Electric, which is supplying the nuclear systems.

In his Senate testimony last year, Mr. Kearns said that Mitsui got a good deal when it bought his stock in another Thai company, an experience which "may have had something to do with their decision" to buy his Siam Kraft stock. To win confirmation of his appointment to Eximbank in 1969, Mr. Kearns sold Mitsui his interest in Firestone Tyre & Rubber Co. of Thailand, which had repaid an Eximbank loan the previous year. "The dividends on these shares since that time have been more than the total price that they paid for the shares. The company paid dividends of some 100% on the par value every year, so I would imagine that Mitsui would think rather kindly on my shares that they purchased," Mr. Kearns told the Senate Subcommittee.

#### WOULD HAVE FACED BANKRUPTCY

Be that as it may, Siam Kraft would have faced bankruptcy—and Mr. Kearns' stock would have become worthless—without Eximbank's rescheduling of the company's loan after he took over the agency's helm. The \$14 million loan originally was to be repaid in 12 equal semiannual installments beginning December 1, 1970, with 6% interest payable every six months from the time of disbursement.

However, in 1970, without public announcement, Eximbank rescheduled the loan to call for 40 semiannual installments beginning December 1, 1973 (that is the only payment Siam Kraft has made so far), with the final installment due June 1, 1993. Interest payments due on December 1, 1970, through December 1, 1972, were capitalized and added to the principal of the debt, increasing it from \$14 million to \$16 million. The rescheduling agreement restricts payment of dividends and requires prepayment if net income in any year exceeds 12% of paid-in equity.

In cooperation with Eximbank, the Overseas Private Investment Corp. (OPIC) took over the \$4,075,000 in loans to Siam Kraft which OPIC's predecessor agency had guaranteed the previous year. The lenders included Connecticut General Life Insurance Co., First National Bank of St. Paul, General Electric Pension Trust and National Shawmut Bank of Boston.

Under a 1969 agreement with the four, Siam Kraft was to have a grace period and start repayments in 1976 and with completion in 1981. But, following the pattern set by Eximbank, OPIC in 1970 agreed to pay the commercial lenders out of its reserve within the time originally scheduled and give Siam Kraft until 1993 to finish reimbursing OPIC. Whether Siam Kraft is now current in its interest payments to OPIC (according to Steve Franklin, OPIC attorney) is now in dispute.

The legal action began on May 9, 1973, when three companies wholly owned by Parsons & Whittemore sued Siam Kraft in Bangkok to collect promissory notes. P&W alleged they were due as part of an agreement for P&W to withdraw from Siam Kraft.

The following month, Siam Kraft answered by counter-claiming that the agreement under which the notes were due was obtained through fraud. The counterclaim indicated that the feasibility study financed by the U.S. government said the venture would show profits of \$1.4 million in the first year and increase each year thereafter to yield a total profit of \$46 million in 11 years. Instead, Siam Kraft suffered a loss of \$4.6 million.

#### CHEAP IMPORTS

According to its counterclaim, much equipment lay idle, including a half-million-dollar machine for making bags to hold cement. Money for payment of labor and raw materials was squandered. The plant had to be closed for 196 days because of lack of funds for raw materials and spare parts, and Siam Kraft had to ask Eximbank for non-payment of interest, the company told the court. It added that the value of its shares dropped as low as five or 10 baht.

P&W denies the drop in the value of the shares, citing the Mitsui purchase at a high price. It also said the plant could produce paper as guaranteed, but that because of Siam Kraft's failure to get Thailand to raise import duties on paper, cheap imports were flooding the market.

Mr. Kearns was not named as a party in the Bangkok suit, but he was named in identical suits which Siam Kraft filed simultaneously in New York City and Washington last September against him, P&W and Samuel Efron. Mr. Kearns resigned from Eximbank the following month. Mr. Efron, who formerly held the posts of executive vice president of P&W and director of Siam Kraft,



now is a member of the Washington law firm of Arent, Fox, Kintner, Plotkin & Kahn.

Siam Kraft has asked for a jury trial, and the parties now are arguing over which tribunal should have jurisdiction. In its complaint filed with the U.S. District Court for the Southern District of New York, Siam Kraft charged that the contract for the mill was obtained "through fraud and misrepresentation committed by defendants, P&W, Kearns and Efron." The complaint added: "Material representations of defendants . . . were false and were known to the said defendants to be false, and made by them to deceive plaintiff to induce plaintiff to enter into the contract."

#### TARIFF PROTECTION

The document charged Mr. Kearns individually with these alleged misrepresentations: "(a) Statements made to Plaintiff concerning the degree of tariff protection the Government of Thailand was willing to extend the products of Plaintiff. In making these representations, defendant Kearns failed to disclose that he had entered into an agreement on behalf of plaintiff with the Thai Board of Investment whereby Plaintiff would not sell its products at more than 23% above the landed cost of like imported items.

"(b) Defendant Kearns recommended the employment of Mr. William A. Robinson as an independent consultant for the project without disclosing that Robinson had formerly been employed by or associated with P&W. In making this recommendation, defendant Kearns falsely represented that Robinson had the recommendation of the Export-Import Bank of the United States.

"(c) Defendant Kearns urged the Plaintiff's Board of Directors to accept the Contract and to authorize its signature on behalf of Plaintiff. Despite the fact that the Contract contained many provisions detrimental to the Plaintiff, including the deletion of approximately \$3,000,000 of equipment that the Thai directors anticipated would be supplied, defendant Kearns stated to the Thai directors that the Contract contained changes from the earlier 1965 contract only in ways beneficial to the Plaintiff."

#### CONCEALED VIOLATIONS

The complaint also charges: "Defendants Kearns and Efron actively concealed from Plaintiff the aforesaid violations of law and Defendants likewise failed to reveal said violations as required by the affirmative duty of disclosure owed Plaintiff. Plaintiff became aware of said violations only after ousting Management from operating control of the enterprise in December 1970."

While detailed arguments have not yet been heard in the cases, the defendants deny all charges. They have admitted, however, that Mr. Kearns participated, to some extent, in the formation and financing of Siam Kraft and that he received common stock as a consideration for his efforts.

P&W told the New York court that the case should be dismissed, since identical action is pending in Washington, and claims are sub judice (awaiting judicial determination) in Thailand. P&W added that the statute of limitations bars action and that the agreements of 1965, 1966 and 1970 call for mandatory arbitration.

#### MAJORITY SHAREHOLDERS

Court papers indicate that the majority shareholders of Siam Kraft now are the Crown Property Office and Siam Cement Co., both of Thailand. The P&W companies—Parsons & Whittemore South East Asia Corp., DOWNTOWN Service Corp. and Parsons & Whittemore Management Corp.—previously owned 449,057 shares received as part payment for their services in establishing and managing the plant. A dispute involving the agreement under which the shares of the three P&W companies were transferred to Thai ownership (Crown Property and Siam

Cement) led to the first court case which P&W filed in Bangkok. As a major creditor of Siam Kraft, Eximbank approved of this stock transfer. It did not, however, approve the sale of Mr. Kearns' shares to Mitsui.

Now, according to Eximbank's Mr. Corette, Siam Kraft is operating at full capacity and at a profit, though he won't disclose how much. He added, however, that Eximbank turned down a Siam Kraft proposition for a new loan for a major expansion after three Eximbank officials visited the plant last November. Mr. Corette explained that Eximbank believes Siam Kraft's financial structure is not strong enough for it to incur substantial amounts of additional debt.

Since it would be improper for Eximbank officials to comment on pending court cases, Barron's posed a theoretical question to Mr. Corette: What would happen if Eximbank found that a loan had been obtained through fraud or misrepresentation? He replied, "Eximbank would have a case in court." Asked by Barron's to give his side of the story, Henry Kearns declined to comment.

#### FEDERAL RESERVE SUPPORTS PUBLIC SERVICE EMPLOYMENT

#### HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. VANDER VEEN. Mr. Speaker, on July 29 of this year, with the cosponsorship of over 40 of my House colleagues, I introduced legislation to create 900,000 public service jobs—CONGRESSIONAL RECORD 25561 et seq. I was gratified not only by this encouragement from other Members, but with the strong support of public service employment voiced by the Democratic caucus and many eminent economists.

The Elizabeth, N.J., Daily Journal's lead editorial for July 30 outlines the Vander Veen bill in some detail and indicates some of its supporters, within and without the Congress. The editorial states that,

U.S. Worsening Economic Ills Need Congressional Cures.

In addition to the editorial support of the Daily Journal, the Wall Street Journal and the New York Times have carried stories reporting the strong support for public service employment of the Chairman of the Federal Reserve Board, Dr. Arthur F. Burns.

The Times of August 7, in its lead story, reports Dr. Burns as proposing:

A \$4 billion program of public service employment to create jobs in state and local government if the Nation's unemployment rate should rise above 6% of the labor force.

All indications are that unemployment will reach 6 percent and above and may remain there for many months and even years.

The Wall Street Journal of the 7th also reports Dr. Burns' proposal to create 800,000 public service jobs.

Mr. Speaker, I am particularly pleased that the distinguished Chairman of the Federal Reserve, the Nation's top banker, is supporting public service employment during the expected period of continuing inflation and high unemployment. Criticism has been heard that cre-

ation of public service jobs would be inflationary. I think that Dr. Burns' statement makes my case for me.

We must provide some controlled economic stimulus if we are to increase productivity and the economies of production, plus firm up certain soft demand sectors in the Nation's economy. Creating the 900,000 public service jobs, in pockets of high unemployment, as envisioned by H.R. 16150, would help create this tailored demand. In conjunction with financing such jobs through cuts in military procurement waste and spending, we can provide jobs in a truly noninflationary way.

Mr. Speaker, I include at the conclusion of my remarks, the Daily Journal editorial, the New York Times and Wall Street Journal stories.

[From the Elizabeth (N.J.) Daily Journal, July 30, 1974]

#### DO-NOTHING NIXONOMICS: WORSENING U.S. ECONOMIC ILLS NEED CONGRESSIONAL CURES

Warnings keep coming in that the U.S. is sliding into deeper economic troubles than President Nixon and his advisers seem to realize.

The highly respected Organization for Economic Cooperation and Development, for example, issued a special report last week predicting that unemployment, presently above 5 per cent, could rise to 6.25 per cent next year, accomplished by a trade deficit that could amount to between \$5-7 billion in 1975.

With the administration apparently incapable of adopting a more action-oriented program, the time is fast approaching for the Congress to take the initiative.

Rep. Richard Vander Veen, who recently won a stunning electoral victory as a Democrat in Gerald Ford's old, traditionally Republican seat, has wasted little time in advancing a proposal to combat inflation and unemployment that stands out as an alternative to the economic policy paralysis of the White House.

Vander Veen would provide 900,000 public service jobs through a bill he calls the Public Service Employment Act.

The measure, introduced yesterday, would directly benefit areas in New Jersey by concentrating federal funds in 973 places where unemployment is already over 7 per cent, and providing enough funds to force unemployment under the 7 per cent mark.

The plan is co-sponsored by House Public Works Committee Chairman John Blatnik, D-Minn., New Jersey Democrats Peter Rodino and Henry Helstoski, and Rep. Henry Reuss, D-Wisc., one of the most highly respected economic policy specialists in Congress.

Reuss himself has authored an important economic program that combines public service employment with inflation-fighting and tax reform measures aimed at benefiting the lower and middle income taxpayers most victimized by the nation's worsening economic crisis which deserves serious study.

While President Nixon has dismissed the public service employment proposals as useless "leaf raking projects," Reuss and Vander Veen counter that there are constructive jobs available in the public sector.

Among these are jobs in auxiliary police protection for schools with security problems, guards for inner city museums frequently closed for extensive periods during the week for lack of funds to pay security personnel, medical assistants for hospitals financially unable to hire needed personnel, junior foresters who may help manage untended state and federal parks, staff for day care and mental health care centers, and so on.

Combined with public service jobs would be skills training and centralized job information programs to guide people to available jobs.

The 3.5 billion price tag may be inflationary, but, many economists say, preoccupation with inflation alone does not restrain it without healthier economic growth and employment powers. And public service employment is said to combine the virtues of being the least inflationary employment, while stimulating private sector employment through a multiplier effect.

Reuss's inflation-fighting plan would revise the Federal Reserve Board's present high interest policies where the present scarce money finds its way to such high-profit investments as speculative real estate or conglomerate take overs. Instead, he says, provide financial incentives for banks to make investment loans in low and moderate income housing, industrial plant modernization providing long term employment opportunities, and small business and farm development projects.

The Wisconsin Democrat also proposes reducing consumer prices by reversing government price subsidies for basic commodities like beef and milk, and ending indiscriminate subsidies for export sales of scarce commodities like wheat and lumber.

Finally, Reuss proposes combining a tax cut for low and middle income people with some long overdue plugging of tax loopholes. He would include measures to revise capital gains untaxed at death, change laws which discourage domestic oil exploration, end tax shelter farming and re-examine tax deferments that induce companies to expand exports of scarce commodities.

These may not be the best possible plans to cure the nation's worsening economic woes, but they are plans for action. They stand out in the starkest contrast to the Nixon Administration's impeachment-induced inaction.

[From the New York Times, Aug. 7, 1974]

**BURNS ASKS JOB PROGRAM IF UNEMPLOYMENT TOPS 6 PERCENT—PROPOSES A \$4 BILLION PLAN FOR 800,000 PUBLIC SERVICE POSTS—SETTING UP OF WAGE-PRICE REVIEW BOARDS**  
(By Edwin L. Dale, Jr.)

WASHINGTON, Aug. 6.—Dr. Arthur F. Burns, chairman of the Federal Reserve Board, proposed today a \$4-billion program of public service employment to create some 800,000 jobs in state and local government if the nation's unemployment rate should rise above 6 per cent of the labor force.

Dr. Burns told a highly receptive Congressional Joint Economic Committee that this would ease the pain of a necessarily prolonged program of budgetary and monetary restraint on the economy to cure inflation. He also termed "wholesome" a suggestion of Senator Charles F. Percy, Republican of Illinois, that in enacting the new program of emergency job creation Congress should also "trigger in" some tax increase to pay for at least part of the program.

Senator Percy mentioned elimination of the deduction on Federal income tax returns of state and local gasoline taxes, which he said would raise \$600-million in revenue.

Secretary of the Treasury William E. Simon said during a television interview last Sunday that he was "intrigued" by a similar suggestion made by Senator Jacob K. Javits, Republican of New York. Thus, Administration backing of the plan seems a good possibility.

Dr. Burns also suggested today toughening President Nixon's proposal of last week for a new cost of living task force to monitor price and wage increases in important sectors of the economy. The Reserve's chief, speaking for the entire seven-man board, said the new agency should be empowered "to appoint ad hoc review boards that could delay wage and price increases in key industries,

hold hearings, make recommendations, monitor results, issue reports, and thus bring the force of public opinion to bear on wage and price changes that appear to involve an abuse of economic power."

He suggested under questioning that the new boards should have the power to delay wage or price increases by 30 or 45 days. Without such additional power, he said, the President's proposal would be "quite ineffective." Again, he received a sympathetic response from those committee members who commented on the idea.

Dr. Burns declined under questioning from Senator Javits and Senator William Proxmire, Democrat of Wisconsin, who is the chairman of the committee, to assess the economic effect of a transfer of power from President Nixon to Vice President Ford. The Reserve, he said, "must stay out of impeachment politics."

Asked if there might not be a "new spirit of cooperation" on the part of business and labor in exercising price and wage restraint, he said "there is a distinction between rhetoric and reality, and the rhetoric will improve more than the reality."

As for a possible improvement in the stock market from the removal or resignation of the President, he said only that "the fortunes of the stock market will depend fundamentally on corporate profits and the level and direction of interest rates." He called profits "dangerously low" despite recent increases in the dollar amount of profits reported.

#### POLICY IS REITERATED

In his prepared statement and in response to questions Dr. Burns reiterated the basic Government policy of sustained monetary and fiscal (budget) restraint, with a resulting "period of slow growth" in the economy and "a higher rate of unemployment than any of us would like."

He made these other points:

There has been some "financial adventuring" on the part of banks that is "especially deplorable," but taken as a whole "the commercial banking system in the United States is entirely sound and can be counted on to continue to function efficiently."

Unlike Mr. Simon, he feels that dealing with the huge financial flows resulting from higher oil prices is an "unmanageable problem in the absence of a reduction in prices." Central banks alone cannot cope with the problem.

Despite the Reserve's policy of restraint, "clearly the American economy is not being starved for funds." Growth of money and credit "is still proceeding at a faster rate than is consistent with general price stability over the longer term." But the policy has succeeded in reducing "credit extended to private domestic borrowers" in the first half of 1974 as compared with the first half of 1975 by an annual rate of \$20-billion, to \$145-billion.

While the economy remains sluggish "recent economic movements do not have the characteristics of a cumulative decline in business activity."

Despite the huge increase in the cost of imported oil, strength in exports and inflows of capital from oil-producing countries have meant that "the high price of imported oil has not created a serious balance-of-payments problem for the United States."

A reduction of Federal spending would be the single most effective anti-inflation move and could have "dramatic effects on our financial markets."

#### BANK-REFORM NEED SEEN

Dr. Burns said there was a need for reform in the nation's banking laws and that "before too many months" the Reserve would propose such reform. But he added that "we are not going to have a collapse of the banking system."

Discussing the public service employment proposal, Dr. Burns said a major merit of it

was that it could be "triggered out" as overall unemployment is reduced. Another merit, he added, was that it would be directed to the localities where the unemployment problem was most serious.

He said he estimated that a \$4-billion program—the same amount suggested by Senator Javits—would create nearly 800,000 jobs on the assumption of an average wage of about \$6,000 a year for those hired.

[From the Wall Street Journal, Aug. 7, 1974]

**BURNS URGES WHITE HOUSE TO PUSH DRIVE ON INFLATION, BUT SEES LONG BATTLE AHEAD**

WASHINGTON.—Federal Reserve Chairman Arthur Burns urged the White House to take a "little more energetic action" to slow price boosts. But he also conceded that the nation's anti-inflation battle will last "two years anyhow, and it may last a great deal longer."

Asserting he is "an impatient man," the nation's central banker said the Nixon administration should help curb inflation and deal with other economic ills by paring the federal budget for the current year as much as \$10 billion, by uniting with other nations to force world oil prices down, and by reestablishing the Cost of Living Council and permitting it to delay big wage and price increases.

Testifying before the Joint Economic Committee, Mr. Burns emphasized that he believes the economy "is being attended to" in the White House, but he indicated the attention to curbing inflationary forces is insufficient. In response to questions, he said the President's Watergate troubles are "adding to the uncertainty" in financial markets over the administration's ability to fight inflation. "That's my own impression," he said, adding, however, that he has found it difficult to document that belief.

The Fed chairman said that during the recent House Judiciary Committee hearings, he watched with "special care" the foreign exchange market. "It was remarkably stable, and the dollar actually strengthened," he said, indicating that the response was surprising.

Mr. Burns said the Reserve Board will continue its tight monetary policies short of causing a credit crunch, and he said "evidence is accumulating" that the Fed's restrictive policies already are helping to moderate credit demand. He added that businesses have found it more difficult to obtain bank loans and that securities markets have been less receptive to their need for funds.

But declaring that the general public "doesn't really understand monetary policy," Mr. Burns said he favors more budget-cutting measures to slow inflation. "The public understands that reduction in federal spending will mean a reduction in aggregate demand for goods and services. They also can understand when the government has a balanced budget, it doesn't need to enter the (money) market to borrow," he said.

"For a time, we should be prepared to tolerate a slower rate of economic growth and a higher rate of unemployment than any of us would like. A period of slow growth is needed to permit an unwinding of the inflationary processes that have been built into our economy through years of neglect," Mr. Burns said.

If the nation's jobless rate hits 6%, however, Mr. Burns said he favors a \$4 billion public service employment program by the government that would provide jobs for 800,000 persons.

Mr. Burns voiced a much deeper concern over the effects of sky-high world oil prices on international financial markets than other government officials have expressed publicly, including Treasury Secretary William E. Simon. He said that unless foreign oil prices drop significantly, he "cannot be optimistic" about the ability of financial



markets to manage the recycling of the huge surpluses of oil-producing nations to countries experiencing big international payments deficits.

The Fed chairman urged a stronger fuel conservation program in the U.S. and also the formation of an alliance of oil-consuming countries to bring oil producers "to the path of reason" through common economic policy and through "political devices." Such an alliance, consisting of the U.S. and 11 other industrialized nations, has already been approved in principle. The agreement calls for member nations to conserve and share petroleum supplies in the event of a new energy crisis.

During a 2½-hour question-and-answer period, Mr. Burns made these additional points:

The administration must move swiftly to aid the troubled utilities industry by boosting the investment tax credit for utilities to 7% from 4%, by urging regulators to speed up rate-increase approvals, and by advising bankers to provide temporary financing to utilities pending their ability to obtain more permanent financing from the bond market.

The Fed staff is drawing up some proposals for "drastic changes" in the federal bank regulatory structure that he will propose to Congress probably later this year.

He would favor establishment of an advisory council on bank credit policy but would oppose strongly any bid to force the Fed to allocate credit.

Prices of industrial raw materials should register declines "of some magnitude" in coming months as world economies continue to slacken.

The Fed is considering a separate discount rate, which is the fee it charges on loans to member commercial banks, that would apply to longer-term loans rather than to the standard loans of just a few days or so. The new rate, which presumably would be higher than the rate on short-term loans, would be available for loan situations like that involving troubled Franklin National Bank, which has borrowed millions of Fed funds to help it stay alive.

#### HOUSING BADLY NEEDED FOR INTERNS

#### HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MOAKLEY. Mr. Speaker, each year, like swallows returning to Capistrano, waves of student interns arrive in Washington to swell the ranks of Congress. This year the estimated figure was 1,800 and this does not include about 3,000 more who are working in other Government agencies.

One joking remark often heard is that Congress is run by its interns. Jest it is but the fact is that these idealistic, hard-working, bright young people work like mad; performing myriad tasks from stamp licking to tough, tedious research and writing, usually generously giving their time for no pay and performing a service of inestimable worth to the Government and to the American people. Most of them come here at their own expense and maintain themselves at considerable financial sacrifice.

Unfortunately, Washington is a city ill-prepared to provide adequate housing for these young people. They must compete not only with permanent residents and each other but also with hordes of summer tourists and since the interns are usually lowest on the scale of ability to pay, they end up with the worst of what little is available. Often it is old, dirty, cockroach-infested, nonairconditioned, far from the Capitol, and expensive.

Congress has finally come around to the realization that, if nothing else, they owe their volunteers the opportunity of renting decent housing at a price they can afford. And it could not have happened at a better time. It just so happens that Washington has been going through a metamorphosis—or rather an attempted metamorphosis.

Hardly anyone is not aware of Congress' efforts through the Pennsylvania Avenue Development Corporation to revitalize the downtown area of Washington and restore it to a vigorous city, peopled by day and by night. It has long been a blot on our Nation's Capital that the area around the Congress and the White House becomes a ghost town at night as Government workers and daytime sightseers and shoppers melt away at dusk in fear of the derelicts and unsavory characters who creep out of what has been slowly but surely deteriorating.

One of the victims of this decline is the lovely, old Willard Hotel, a grand example of American classical architecture, and long associated with the political history of the city and therefore the Nation. Completed in 1901, the Willard has acted as temporary home to Presidents Taylor, Lincoln, Grant, and Coolidge, opera singer Jenny Lind, author Mark Twain and even Buffalo Bill. It has known grandeur and glory and drama, but since 1968, it has stood boarded up in silent rebuke to a people who squander their past monuments in favor of shiny, new, anonymous efficiency.

Yesterday, Mr. Speaker, I introduced a bill which could change all that. H.R. 16322 calls for Congress to acquire the Willard Hotel and provide rentals to congressional interns, pages, and other such congressional associated persons at a price they can afford. Its close proximity to the Hill permits easy accessibility to their work. Bringing hundreds of young people to the very heart of the city would be a boon to the restaurants and shops who have been struggling to stay alive. It could create the kind of college-town atmosphere which is one of the most attractive features of many university areas, and could be the spark for a new boom era in downtown Washington.

This is a good project; one of those rare projects which benefits every aspect that it touches. We should feel a sense of obligation to those who have volunteered so much to the Nation over the years. And who knows—Washington, D.C., may yet be the birthplace of a future President of the Nation.

#### CONSERVATION COUNCIL OF NORTH CAROLINA ENDORSES LEGISLA- TION TO SAVE NEW RIVER

#### HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MIZELL. Mr. Speaker, the Conservation Council of North Carolina is representative of the countless North Carolinians and Virginians who want to see the ancient and scenic New River saved. I am pleased to insert into the RECORD a statement by the Conservation Council of North Carolina submitted by its president, Wallace Kaufman, to the House Interior and Insular Affairs Subcommittee on National Parks and Recreation:

The Conservation Council of North Carolina urges this Committee to help Congress assert its authority over the nation's waterways by giving a favorable report on making the New River a part of the Natural and Scenic Rivers System. Quite obviously, this is the highest and best use of the area and the use which best serves the public interest.

At our spring meeting on May 19, 1974, the Conservation Council decided that of all environmental issues that the preservation of this river was among our top four concerns. We are concerned not only because the river is worth preserving but because of the manner in which powers outside our state have attempted to take our river away. The Federal Power Commission and the Appalachian Power Company have contrived to deny the citizens and even within Congress any chance to make an independent choice for the river's future. This is the kind of back room dealing that has plunged our nation into so much despair and cynicism this past year.

There will be some who say that environmentalists in Congress and among the people are attempting to halt progress and push us back into the Dark Ages, via the path of brownouts and blackouts. Yet at this very time other utilities across the nation and the Federal Government are beginning to seriously consider solutions which environmentalists proposed many years ago. They are readjusting rate structures, rewriting demand forecasts canceling nuclear power plants, encouraging energy conservation and, in general, accepting the fact that power consumption for the future cannot be forecast on the basis of the unique, extraordinary and short era between World War II and the present.

In North Carolina there are already over 50 dams being built or scheduled to be built, and almost each one of them would impound several thousand acres of water. This is in addition to tens of thousands of acres already impounded. Furthermore, many of our existing impoundments are now beginning to host serious fish diseases, sometimes affecting 80-90 percent of the game fish in a given species.

We hope North Carolina will exist as a civilized state 100, 500 and 1,000 years hence. We are responsible to that posterity and we have already deprived it of so many of our favorable free flowing rivers. These rivers are valuable, not only for their beauty, but in a more concrete dollars and cents way, as their constant motion and aeration helps cleanse our vital water supplies and

remedy some of the problems caused by still water impoundments. Further, we have burdened future North Carolinians with too many unknown problems, not the least of

which will be what to do with all these reservoirs when they eventually silt up and fill in.

We see no responsible course of action at

this time except to place this river in trust for posterity by recommending that it be included in the Natural and Scenic Rivers System.

## HOUSE OF REPRESENTATIVES—Friday, August 9, 1974

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

Rev. Jack P. Lowndes, Memorial Baptist Church, Arlington, Va., offered the following prayer:

*If any of you lacks wisdom, let him ask of God—and it will be given him.*—James 1:5.

We are grateful, our Father, for the Founding Fathers of our Nation who sought and found wisdom from Thee and gave us the form of government that keeps us now.

Today we continue to need that wisdom beyond our own. We pray for Thy wisdom. We pray for the President leaving office and the President assuming office today. They both need Thy wisdom, strength, and the assurance of Thy love. Help our new President make the decisions that will bring reconciliation to our Nation and help bring peace to our world.

For the Speaker of this House and those who serve with him we pray. As they work together for the good of our Nation help them to have that divine wisdom needed.

We pray for the news media who have the responsibility of reporting to us the actions of our Government. Give them wisdom to report fairly and impartially the news upon which we all depend to make our judgments and decisions.

Lord, help all of us to have mercy and sympathy toward one another and to be good stewards of our national heritage.

"Grant us wisdom, grant us courage for the facing of this hour."

In Jesus' 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 bills of the House of the following titles:

H.R. 7218. An act to improve the laws relating to the regulation of insurance companies in the District of Columbia;

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

The message also announced that the Senate agrees to the amendments of the

House to a bill of the Senate of the following title:

S. 3782. An act to amend the Public Health Service Act to extend for 1 year the authorization of appropriations for Federal capital contributions into the student loan funds of health professions education schools.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 15323. An act to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes;

H.R. 15581. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes; and

H.R. 15791. An act to amend section 204(g) of the District of Columbia Self-Government and Governmental Reorganization Act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 15322) entitled "An act to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. JACKSON, Mr. SYMINGTON, Mr. BIBLE, Mr. MONTOYA, Mr. AIKEN, Mr. BENNETT, Mr. DOMINICK, and Mr. BAKER to be conferees on the part of the Senate.

The message also announced that the Senate had tabled the conference report on the bill (H.R. 14715) and it further announced that the Senate further insists upon its amendments to the bill (H.R. 14715) entitled "An Act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes," requests a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCGEE, Mr. RANDOLPH, and Mr. FONG to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 15581) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BAYH, Mr. INOUE, Mr. CHILES, Mr. MCCLELLAN, Mr. EAGLETON, Mr. MATHIAS, and Mr. BELLMON to be the conferees on the part of the Senate.

### A NEW HEAD AT THE HELM

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

Mr. SIKES. Mr. Speaker, President Nixon's farewell message was monumental in content and delivery—one of his most impressive speeches. In it there was sadness, an obvious regret at not finishing the task he had undertaken, but no bitterness. It was spoken like a patriot.

He stated well that America cannot afford to have a part-time President—the position he would have had to occupy for the next 6 months while fighting impeachment. We would also have a part-time Congress. The Nation's economy and many external problems are at stake. The slow but deadly paralysis of Watergate and impeachment already have taken too much from America.

Now this terrible period is behind us. America can breathe again, live again, work again. We have a new administration which, hopefully, will bring new drive for a better America and new solutions for America's economic ills.

Gerald Ford is a man of ability and character. I have confidence in him. I sincerely believe that he will seek earnestly to restore harmony, to rebuild America's faith in its Government, and that he will do everything in his power to insure a sound working relationship with Congress. He will need the help and the prayers of the American people in this most difficult task.

Perhaps most of all there is a need to put the bitterness of Watergate and impeachment behind us and to learn again the essentiality of building up, not tearing down, a country. America needs to look ahead, not backward.

### THE RESIGNATION OF PRESIDENT NIXON AND THE SWEARING IN OF PRESIDENT FORD

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

Mr. BRADEMAS. Mr. Speaker, the resignation of Richard M. Nixon is an event without precedent in our history.

Thirty-seven Presidents have served our Nation with varying degrees of distinction, but until now no Chief Executive has been forced to relinquish his office prior to the end of his term.

For nearly 26 months we have witnessed an unfolding tale of conspiracy, perjury, misuse of Government agencies, and obstruction of justice.

And we have seen a President of the United States approve and participate in such illegal activities while directing a complex plan to conceal his wrongdoing.

We should not forget, nor should we