

## EXTENSIONS OF REMARKS

## OPENING OF THE WILLIAM SANDERS MEMORIAL RANGE AND POLICE TRAINING AREA

## HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 20, 1974

Mr. LANDGREBE. Mr. Speaker, police apprehending a fleeing armed criminal must make a dread decision: Whether to shoot the dangerous criminal who may jeopardize the life of anyone in his way but risk injury to innocent people from stray police bullets, or whether to let the criminal flee.

Fortunately, police rarely need to make that sort of decision. However, when that dread moment comes, the five police agencies serving the greater Lafayette area will be better trained to handle the situation.

In September 1969, the Lafayette, West Lafayette, Purdue, Tippecanoe County, and Indiana State police departments began pooling their ingenuity and resources to build a firing range-training grounds area for their private use. Sgt. Tom Taylor, of the Lafayette police force spearheaded a group of men who made up the local police pistol combat team who decided to find out and build a new police firing and training range. After raising over \$84,000 in materials the manpower from local businessmen and others interested in the project, the facility was opened on July 27.

The William Sanders Memorial Range and Police Training Area was dedicated on July 27 in a ceremony attended by the mayors of Lafayette, West Lafayette, and chiefs of police from the five agencies who helped build the facility. The shot which opened the firing range was fired by Mrs. William Sanders, widow of the benefactor who agreed to lease the ground to the police group for \$1 a year. It was during this ceremony that I presented the range committee with a U.S. flag that had flown over the U.S. Capitol in the name of the training area.

The range and training area will be used by the five major law enforcement agencies responsible for the joint venture: Lafayette, West Lafayette, Purdue, and Tippecanoe County police departments and the Indiana State Police. Other agencies that will make use of the range are the FBI, the Indiana Excise Department, the State department of natural resources—conservation department—Norfolk and Western and L. & N. Railroad detectives and police reserve units. A total of 300 officers are expected to use the range. The range is administered by a committee of 10 with 2 members from each of the five major agencies.

Sgt. Thomas M. Taylor, Lafayette Police Department is president of the committee. Others include: James Sell, Ward Frey, Donald Rutter, Larry Bateman,

Ted Oswald, Harry Martin, Michael Taylor, John Masterson, and Bruce Airhart.

The range and training ground is in an abandoned gravel pit 40 feet below road level which has been partially leveled off for its new use. On the grounds are 20 firing points with markers at 7, 25, 50, and 100 yards, a lookout tower and gatehouse. Future plans include a riot training area, a Marine Corps obstacle course, paved road, office facilities, and 30 more firing points.

"This old gravel pit is ideal for a firing range," explained Sgt. Tom Taylor, who was instrumental in creating the training ground. "Stray bullets bury themselves into the banks and it is located so the extra noise and traffic we generate won't bother anyone."

Amazingly enough, in these days of increasing demands on tax dollars, the only cost to the taxpayer for this well-planned facility has been \$1 per year to lease the 10½ acres. The other costs were assumed through donations of money, labor, and material from a large number of local businesses and individuals.

Sergeant Taylor explained:

All this would not be possible without the help of interested individuals and businesses in the community.

Sergeant Taylor went on to say that the reason that the group had been so successful in raising public support was that he had explained to them, "how everyone in this community will benefit from a better trained police force." He said that the need for a better trained police force was increasing:

Like everywhere else in the country, armed robberies, drug traffic and other crimes are up. I think that the fact that our area is sandwiched between Chicago and Indianapolis, now that Interstate 65 is opened, has a big influence on crime in this area.

The firing range and training ground will enable the local police forces to be trained more adequately than in the past.

Sergeant Taylor and other members of the local police pistol team spearheaded the movement to establish the new range and training area. The team from a relatively small community like Lafayette has competed successfully against the top pistol teams in the country. They placed first in the White House Invitational Combat Match and have gone on to win matches in Boston; Winter Haven, Florida; Columbus, Ohio; and class awards in the National Pistol Championships. After the group lost their old training ground Sergeant Taylor and Thomas "Sherlock Holmes" Sell decided to set up a new range. At that time there were no academies for new policemen to attend and officers were given little or no training in the use of guns. The result of their efforts is the new range open for the use of policemen from all local departments.

These men are to be commended on their initiative.

## THE HOUSE JUDICIARY COMMITTEE AND IMPEACHMENT

## HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 20, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my Washington Report entitled "The House Judiciary Committee," which was written prior to President Nixon's resignation:

## THE HOUSE JUDICIARY COMMITTEE AND IMPEACHMENT

For the first time since 1868, and only the second time in American history, a committee of the House of Representatives has recommended the impeachment of the President. This historic action of the House Judiciary Committee captivated the attention of Americans as they watched the proceedings on nationwide television.

The consensus in Washington is that the House Judiciary Committee's six days of meetings were marked by the dignity and responsibility that the occasion demanded. There were mistakes, of course, but, all in all, the Judiciary Committee's performance was reassuring no matter how one felt about the final result. The Committee helped restore confidence in the political process, especially the United States Congress, and deepened our understanding of the Constitution.

The members of the Judiciary Committee spoke with intelligence, debated with spirit, demonstrated their anguish and conducted themselves sensibly and conscientiously. These members of diverse views and personalities rose splendidly to the high occasion and proved that the House can act responsibly as it tackles perhaps the most difficult assignment in the practice of self-government. The televised sessions of the Judiciary Committee served to contradict the charges that the committee is a kangaroo court or a lynching party.

The performance of individual members of the Committee was impressive. They were articulate, low-key, moderate, and frequently eloquent. They were able men and women, not engaged in a partisan plot, but obviously struggling with an unpleasant, even sad, duty.

The Committee debate, which gave Americans an extraordinary view of a congressional committee at work, was alternately inspiring and tiresome. It illustrated the characteristic wrangling of the legislative process over words, procedures and politics. After the high-blown rhetoric of each Committee member's opening statement, the Committee debate refined the issue of impeachment. The charges relating to impoundment of funds, the secret bombing of Cambodia, campaign funds, tax deficiencies, and improvements on San Clemente faded, and the issues of abuse of presidential power and the coverup of Watergate misconduct emerged as the crucial issues. The articles of impeachment, as finally adopted by the Judiciary Committee, contain the central charges.

Broad areas of agreement surfaced during the Committee debate. With a few exceptions, the members accepted the standard that only "grave offenses" of a kind "definitely incompatible" with the Constitution, whether criminal or not, would justify the

removal of a President. The Committee members also agreed that the evidence must be "clear and convincing," a tougher standard of proof than "probable cause," but not so rigid as a jury verdict in a criminal case that requires an individual to be found guilty "beyond all reasonable doubt."

Moving through uncharted territory, members of the Committee divided on fundamental questions. What is the definition of "high crimes and misdemeanors," specified in the Constitution as the basis of impeachment? Did the evidence show that the President had committed an impeachable offense? Will removing President Nixon from office be good or bad for the country? The opponents of impeachment demanded specific facts to support the charges, and the pro-impeachment Congressmen, after a slow initial response, elaborated at length the facts they believe support impeachment. Opponents of impeachment, seeking to divide the proponents, complained about the lack of direct evidence against the President and the piling of "inference upon inference" to build a case against the President. Pro-impeachment Committee members had avoided specific points of evidence in their early statements, but as the debate wore on they elaborated specific points to support impeachment. Working to unify their forces, they reworded the articles of impeachment to broaden support for them.

It is important that Americans have respect for the impeachment proceedings. Through television they can judge for themselves whether these proceedings are being conducted seriously and fairly. Many Congressmen have been fearful of televising any part of the impeachment proceedings, but after the televising of the Committee proceedings this past week, most Congressmen now recognize that television performed an important civic function, and it is reasonable to expect the House to vote soon to have the full House impeachment proceedings televised. Television can assure that the greatest possible number of Americans understand the how and why of the impeachment proceedings.

As a result of the Committee action, the momentum toward impeachment has significantly strengthened. The minority leader has urged the President to take his case on national television as the only step that can save him. Officially, close associates of the President were expressing confidence that the President would avoid impeachment, but the reality of the events of the week was breaking through to them, and they were obviously deeply concerned about the President's future. The leaders of the Senate began gearing up for the trial of the President and guesses about the margin of the vote by which the House will approve impeachment kept increasing.

ANIMAL HEALTH RESEARCH—AN  
ABUSE OF DISCRETION

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 20, 1974

Mr. LEGGETT. Mr. Speaker, there is no question that inflation is our and the world's No. 1 problem. With a problem of such magnitude, however, we must remain level-headed in pursuing other national burdens. We must not sacrifice those programs that can contribute to our national health and welfare as well

as significantly assist in reducing the outrageous inflationary spiral we live in today, under the belief that not having the program at all will be more of a help in alleviating the taxpayer's financial burdens.

I, therefore, am disappointed and opposed to President Ford's recent veto of H.R. 11873, the act authorizing the Secretary of Agriculture to encourage and assist States in carrying out programs of animal health research. I am concerned that our President's fight against inflation may be more detrimental to our well-being and, in fact, his priorities may add to, rather than reduce, the cost of living rate.

For the month of July, food prices increased at the almost unprecedented rate of 3.4 percent. Promises of reducing inflation from the infamous double digit rate of 12 to 14 percent, to 6 to 8 percent are now pale and disappear in the light of the economic reality we face. Our Nation's food supply and that of the world's is diminishing rapidly. Drought is not only a problem isolated in the vastness of Africa, but in our own Midwest. It is anticipated that beef prices will skyrocket in the next few months because of the shortness of grain due to the drought.

Many educational and research institutions in our country have made priceless contributions in insuring that we are able to live healthier, improve our food production capabilities, and enjoy an abundance of other goods and services unprecedented in the world. Now is not the time, however, to curb efforts contributing to the improvement of our national health and welfare. It is, in fact, of the utmost urgency that we invest in all available means to improve the quality and quantity of food products in order to reduce inflation at home and meaningfully contribute to the world's needs as well.

In the President's veto message, Mr. Ford cited that the \$47 million would establish programs which would overlap those already operating in the areas of fish and shellfish control. In closer examination of the bill, however, fish and shellfish programs are minor portions of what the bill would accomplish. Of more critical importance is research into such high cost areas as livestock and poultry, and health research for greater animal yield and for the health protection of humans.

There exist no substantial programs to deal with animal health care at this time. I would like to stress here, that animal disease is in no small part responsible for the 25-percent increase in food prices last year and for a comparable increase for this year. The estimated loss of livestock and poultry due to animal disease alone is \$3 billion annually or 10 percent of the total value of U.S. livestock. According to Doctors Leo Bustao and James Henson of Washington State University, animal disease and parasite problems have not appreciably improved in the last 20 years.

In addition, one of the most renowned institutions of animal research, the Uni-

versity of California at Davis, has been a strong advocate of this legislation in order to more effectively carry out animal research. The measure is not superfluous, but will add greatly to the improved quality of our animal and sea life production.

A basic economic principle that we should keep in mind establishing Federal spending priorities, under an inflationary period, is to invest in those areas that can have a comparable economic return to the public. Such a prudent policy can help to avoid large displacements of public funds which have contributed to a higher cost of living and an increased Government deficit. The animal health research bill would be one such economically sound expenditure of funds, which I would consider, as a member of the House Budget Committee and an ardent critic of the Federal deficit, to be both an appropriate and necessary measure for the Congress to adopt.

One bill headed for the President's desk that is not economically sound, and calls for an expenditure of funds much greater than the animal health research bill, is the Defense appropriation bill. One program under the latter's \$80 billion budget is an expenditure of \$130 million for the Safeguard phase-down program. Because of the SALT agreements and the outdateness of the system, we have approved over three times as much money as the animal health research programs would spend, on a system which we will be scrapping. It is a gross expenditure of the taxpayers' funds to a commodity which will never be used.

I would like to encourage the President to do everything in his power to see that such an inflationary and useless expenditure of funds is not part of the final Defense appropriation bill. It will truly be a significant step to combat our Nation's No. 1 problem, inflation.

I would like to impress upon the Congress to reassert its nearly unanimous support position for the Animal Health Research Act. As a needed health measure and as an effective tool to fight inflation, by reducing food prices, the act is worthy of our continued support and implementation as law.

Through these difficult economic times, let us not abandon worthwhile programs at the expense of expediency or shortsightedness. When we think of our national defense, let us include, predominantly, our national health and welfare.

"PASMA FUSION-OPPOSED RING  
STORAGE"—LETTER TO THE  
EDITOR

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, at the request of Mr. John W. Ecklin of Arlington, Va., and under leave to extend my remarks, I would like to insert the following letter to the editor,

regarding "Pasma Fusion-Opposed Ring Storage," into the RECORD, so that all atomic researchers can be informed:

ARLINGTON, VA.,  
July 24, 1974.

Mr. JOHN JACOBS,  
Editor, the *Rosslyn Review*,  
Arlington, Va.  
Letter to the Editor:

Up to the present time fusion research may be too intimately associated with plasma as there is no proof we require electrons for fusion. Plasma—consists entirely of electrically charged particles, i.e., electrons or nuclei. Pasma—dense, uniformly high speed positive nuclei. (No electrons.)

Electrons in a plasma are 1800 times lighter than even the lightest nuclei and hence easily attain relativistic speeds while the nuclei still have very low energies or speeds. Electrons and nuclei both have equal but opposite charges even though there is an 1800 to 1 difference in their mass. As a result the electrons get out of step with the nuclei in our various containment schemes. This causes plasma instabilities as the electrons madly dart about out of step with the nuclei and the electrons high speed and low mass makes them difficult to detect let alone correct and still contain the nuclei.

Besides these containment instabilities why get electrons out of our plasma? Because a stream or beam of moving charged particles tend to pinch themselves. This pinch effect works best when there are no oppositely charged particles and when all like charged particles travel at nearly the same speeds.

For fusion, nuclei need only get enough speed so their momentum overcomes their mutual repulsion barrier and they fuse. This occurs at 1 billion degrees centigrade or .1 MeV. Think of it, a power supply with only four times the voltage of the high voltage supply in a TV set can accelerate nuclei to an equivalent temperature of 1 billion degrees centigrade.

A close evaluation of the majority of accelerators reveals a very important fact—the nuclei are accelerated for .1 percent of the time and for the remaining 99.9 percent of the time these nuclei simply coast in a vacuum. This coasting ability deserves much more attention and is of primal significance since it is difficult to generate a beam of .1MeV nuclei with sufficient density to provide enough collisions for a fusion trigger.

Using 2 hollow donut shaped storage rings 2 ft. in diameter we can store .1MeV nuclei by coasting until we get enough density for a trigger. We can then direct the nuclei from one ring into the other where the now dense nuclei bore through each other from opposite directions and trigger a sustained reaction. ((It is possible to have 2 storage rings in the same donut with nuclei travelling in opposite directions. By merely decreasing magnetic strength or electrical voltage, the opposite beams then travel through the same space and bore through each other.) We could split 1 beam or have 2 fuels in 2 beams.)

Not only is very little power required to generate .1MeV nuclei but very little power (magnetic or electric) is required to contain plasma. There is nothing sacred about electrons in our plasma.

Sincerely,

JOHN W. ECKLIN.

#### ANNIVERSARY OF CZECH INVASION

### HON. RICHARD S. SCHWEIKER

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Wednesday, August 21, 1974

Mr. SCHWEIKER. Mr. President, August 21 marks the sixth anniversary of the invasion of Czechoslovakia.

It is an occasion when men and women throughout the free world recommit themselves to the struggle of the Czechs and Slovaks for religious, cultural, and political freedom.

As one who is privileged to represent thousands of Pennsylvanians of Czech and Slovak descent, who over the generations have made great contributions to our Nation, I am proud to lend my voice to those commemorating August 21.

The memory of the Soviet Day of Shame lives in the hearts of freedom-loving people.

#### A LIFE OF SERVICE

### HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HORTON. Mr. Speaker, in this period of troubled times, when so many people seem concerned only with themselves, it is refreshing to witness what can be accomplished by one person's complete unselfishness.

An outstanding example is the work of Mrs. Mary Pulvino Cariola of Rochester, N.Y., who saw a need and proceeded to fill that need. Even at an early age, she acted as interpreter for Italian-speaking parents in a neighborhood settlement house. She spent 18 years rehabilitating families with the Society for the Prevention of Cruelty to Children.

She was one of the founders of the local unit of the Cerebral Palsy Association where, while holding down administrative positions, she was also serving as a volunteer social worker until funds were available to hire a paid social worker.

In 1949, Mrs. Cariola noticed there was no training available for those who suffered the double handicap of mental retardation and physical disability. Although most people felt these special children could not profit from training, she founded what is now the Day Care Training Center for Handicapped Children. Beginning with a class of eight in one borrowed room, it has since served more than 700 children, many of whom have gone on to special classes within the area's public school system.

Because of public interest stimulated through the Day Care Training Center, there are now recreation programs for teenagers and young adults, as well as a mental retardation clinic, among other programs.

As a result of her campaigning for legislation to help the mentally retarded, public school classes are now conducted for the benefit of the trainable retarded.

Although Mrs. Cariola was forced to leave school at the age of 13 because of financial difficulties, she later finished high school through attendance of evening classes and private tutoring. She went on to take supplementary courses which enabled her to be of even greater aid to those whom she served.

It is with gratification of Mrs. Cariola's over 50 years of service to others, that I bring her efforts to the attention of my colleagues.

BRIEFING BY MORTON I. SOSLAND

### HON. THOMAS F. EAGLETON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Wednesday, August 21, 1974

Mr. EAGLETON. Mr. President, I was privileged today to host a luncheon for the purpose of hearing from Morton I. Sosland of Kansas City, publisher of the *Milling & Baking News* and one of the most important agrarian economists in our Nation. Several of my fellow Senators had the privilege of hearing Morton Sosland. His knowledge is so impressive that I would like to have his remarks printed in the RECORD so that all Senators can have the benefit of his thoughts. In addition, to further elaborate on Mr. Sosland's qualifications, I ask unanimous consent that following his remarks, an article from the *Wall Street Journal* of Wednesday, December 12, 1973, be printed in the RECORD.

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

DEMOCRATIC SENATORS' MIDWEST CAUCUS

(By Morton I. Sosland)

After two years of rapidly moving grain markets, gradually broadening public awareness of how the world food situation has changed and wildly conflicting economic and political assessments of what happened and what may lie ahead, many of us most intimately involved have become alarmed over the institutionalization of errors in judgment. Heard with increasing frequency are statements that are not designed to fill the real need of explaining to the public how the world food picture has changed, why it changed and where it is likely to go. Many people still do not understand why the current world scene is so much different from anything the past prepared us for. Many of the opinions expressed seem to be designed either to explain away serious mistakes in judgment by government or to force moves in new directions equally without merit.

The most bothersome assumptions for me concern three issues—(1) this country's and the world's ability to increase food production ad infinitum from current levels; (2) the role of price in the marketplace, and (3) judgment as to what constitutes something called the world market. A number of perceptions are being made in reference to these three points that are basically wrong. The specter thus is raised of policy decisions that may accentuate what already is a threatening situation.

It might be advisable at this point to spell out my own credentials for discussing these matters. In early February of 1973, I made a talk in Minneapolis, which in turn became the lead article in the financial section of the *Sunday New York Times*, declaring our belief that "the days of cheap food may be over." The central view was that the U.S.S.R.'s massive purchases of food had signalled a change in the world food supply-demand situation—note I say "signalled," not "caused"—that meant that no longer would it be possible for consumers to buy food at levels lower than the law of supply and demand alone would dictate. The point of that address was that food prices for a number of decades prior to mid 1972 had been lower than otherwise would have been the case without government farm price support programs, that these programs themselves were more of a subsidy to consumers than to farmers and that the level of demand had increased around the world to the point where the prices that prevailed prior to mid 1972 would probably never be experienced again.

My ability as a price forecaster, looking back and rereading that paper, is not very good. In February, 1973, while stating that prices probably would not return to the pre-1972 level, I expressed doubt that the market then prevailing could be sustained for any long period of time. By way of reference, using the f.o.b. Gulf price for hard winter wheat, let me point out that that market on the day of my talk was \$90 per metric ton, up what seemed a whopping 50% from the July 1972, level or around \$60; that the price a year later in February, 1974, had soared to the all-time high of \$245 per ton and that the market is currently around \$180 per ton.

While my price forecasting skills leave a great deal to be desired, other aspects of that discussion of the end of the era of cheap food have gained major credibility as the months have passed by. One of the main theses of that discussion was that the U.S.S.R. buying was a very major economic event, not just for itself, but much more importantly for the shock-wave it sent around the world directly influencing food buying policies of nations on every continent. My thought is that if the Soviet Union, a police state, found it necessary to spend more than \$1 billion for American food grains, then every other government of the world could see itself at peril by failing to respond to their people's food wants. Thus, in the wake of the Soviet buying a whole new standard of eating emerged. Also the U.S.S.R.'s massive purchases coincided with a period when income levels in many developing countries were just beginning to increase. Every dollar of additional income in these nations is immediately translated into spending on food.

Having perceived more than two years ago the extent of this significant change in the attitudes of governments toward food—that no longer would bread rationing and food shortages be an acceptable alternative in years of short domestic crops—I have now begun to wonder as to the permanency of that change. My doubts stem from what happened to food and petroleum prices in recent months. Now, I must ask, are we likely to run headlong into new and unexpected forces as represented by income elasticity of demand for grain and grain-based foods? Past history had indicated that in most of the world there was no repercussion on wheat demand from changes in prices. Our knowledge of the effect of prices at these levels on feed use is abysmally lacking. The historical record was made in a period when prices were hardly a third of current levels. There are individual country examples extant right now which indicate that wheat consumption as food—where price impact had not been observed in the past—is being reduced. The result is a beautiful economics lesson in how price is the most effective rationer of all; the question is whether this is a morally valid or politically satisfactory solution?

My worries in the price arena go beyond these moral or political questionings to wonder whether, from the long-range view of American agriculture and of foreign trade, we are doing the wisest thing to allow prices to effect a curtailment in consumption of grain-based foods by millions and millions of people around the world. After all, it took many years of market development and of improvements in standards of living to bring those nations and governments to the point where the availability of grain-based foods at a reasonable price stimulated the adoption of policies that encouraged our exporting goals.

We must confront the issue of whether wheat and corn at current levels, with their very direct impact on the ability of not only American consumers but of people around the world to eat bread and other grain-derived foods, may somehow cause dislocation and even revision in long-term demand

trends. Along that very line, recent projections indicate that world wheat consumption in the 1974-75 crop year, will decline 4 million tons, marking the first setback in about two decades. I cannot help but wonder whether it may not be wisest from a long-term market development point of view to do something in a year with such unusual supply-demand stresses as this one to mitigate the consumption-detering effect of prices. I think all can agree that current prices are just not cheap but are downright expensive and deleterious to long-term growth in markets.

Another of the perceptions that seriously bothers me is reflected in a recent statement by a top U.S. Department of Agriculture official to the effect, "Too many people still believe we can insulate ourselves from the reality of the world market." What disturbs me and must disturb you about this is that the U.S. is literally the only country in the entire world that operates in a market that is allowed to respond to demand and supply forces practically without any interference from government. Let me stress right here and now that the American system is a beautiful thing to behold, but one wonders about its operation in a world where government monopolies to a large extent control both purchasing and marketing of domestic grains. It's all well and good to say that no one should interfere with the impact of the world market on U.S. food. I think one of the things that is most poorly perceived by most Americans is the degree of competition for American food supplies. When a housewife goes to the neighborhood supermarket, she in effect does not recognize she is bidding not only against millions of other food buyers in the U.S., but also against some monolithic governments overseas—some whom may be deterred by price and others who may surprise us by their lack of reaction.

Important to understand here is that in most countries what housewives are able to buy in their grocery stores is largely the result of governmental decision. That is even the case in the European Community, where the operation of Common Agricultural Policy has led to shortages of some commodities and to surpluses of others. The latter either are dumped on dollar buyers in competition with American supplies or are held in storage as a price depressant and as justification for continuation of the variable levy system. In other words, the American consumer is not competing with Mrs. Housewife in Europe or in the U.S.S.R. or in China, but instead is buying against Commission officials in Brussels, Exportkhleb in Moscow and the Chinese Grain Corporation in Peking.

My objection is to the false perception of the world grain market as something akin to the beautiful mechanism existing in America. As we have observed in recent years, arbitrary buying and selling decisions by foreign governments often are made without regard to economics. When this is done a tremendous jolt is sent through the U.S. system, leading to calls for safeguards that could in the long run be more destructive than the problem-causing events themselves. American export policy in a year such as this when the balance between "enough" and "too little" is very narrow cannot afford to be naively based on a false conception of what constitutes the world food market.

The third of the assumptions that bothers me greatly is that somehow American and world food production can be increased over a period of time at a rate equal to prospective demand growth. Let me set out here the fact that we, for a long period of time, have been among those who felt that world food production had nowhere come near to tapping its full potential and that U.S.D.A. projection forecasting surplus production of grain by the 1980's were probably correct. But

after three years—1972, 1973 and now 1974—of crops that fell short of both projections and of realistic demand expectations, we have become increasingly concerned that some very serious mistakes in judgment may have been made concerning our grain crop potential.

Along this line, I look at three years of declining wheat yields per acre as a very bothersome trend. I grow tired of hearing the situation for the 1972-73, 1973-74 and now 1974-75 crop years explained away by references to unusually adverse weather. Isn't it about time that someone would say that this is not the case? Is it possible that limitations imposed by rainfall may prevent food production from reaching the optimistic levels in many projections? After all, an increasing number of current studies seem to indicate that the world's weather in recent years has been unusually favorable for crop production and that there really is no reason to anticipate a continuation of these trends for much longer into the future.

A great many things would have to be done differently if governments had to face up to the possibility that assumptions of ever-upward crop production do not have a strong factual base. After all, the green revolution in simplest terms was the development of strains of wheat and rice that do not lodge when tremendous increases in grain yields are obtained by massive doses of both fertilizer and water. All the statistics I have seen confirm the reality of enough of an expansion in world fertilizer production to meet future needs, but there is no way that the moisture essential can be supplied without the cooperation of nature.

I thus far have purposely refrained from population-food consumption statistics. Such numbers by themselves take on such an ominous tone that it becomes almost impossible to visualize how the world food situation is going to evolve without millions starving. We do resist segregating those who look upon the world food situation as pessimist from those who are optimist, preferring instead to be a realist. For instance, I simply don't believe our government would allow millions of people to starve in some kind of last gasp upholding of a market economy that does not exist in reality.

But having said this, I want to conclude with reminders of several basics that often are forgotten. First, the world's population will shortly reach the 4 billion level—it was three and one-half billion at the start of the 1960's—and the total almost certainly will be 7 billion by the end of the present century. One can hardly argue with the view that the world thus far has been unable to rationalize its agricultural potential in order to feed all the world's people an adequate diet. This has not been the case even with ever upward grain production as evidenced by the fact that at least 50% of the present population is suffering from malnutrition and some 600 million people are in the category of acute under-nourishment. In light of recent crop trends already noted, it is most difficult for me to view with any equanimity the almost certain prospect that another 3 billion people will be living on this planet in another 25 years.

The second very basic point to understand is best illustrated by analyzing trends in world wheat consumption, which currently aggregates 340 million metric tons. Wheat consumption has been increasing for the past 15 years at an average annual rate of 3.4%, with that increase almost equally divided between the force of population growth at a rate of 1.6% per year and the remainder accounted for by rising per capita consumption at an average annual rate of 1.8%. The latter gain reflects rising expectations, an inexorable demand for better eating. Yet, severe malnourishment still exists. It now appears that consumption growth attributed to rising per capita use has slowed measurably in the

past several years and will come to a screeching halt in 1974-1975.

To my way of thinking, this is a poorly understood and little appreciated development. At the very least, a trend such as this should prompt a serious assessment of American and world food production and marketing practices. When one really comprehends how very little is known about the ultimate effect of prices at current levels on consumption of foods made directly from grains as well as livestock and poultry, the dangers of the present situation multiply. Another year, on top of the past three, of a production and marketing system that diminishes the amount of food available to each of the nearly 4 billion of us means severe stresses in practically every corner of the globe. The call must go out for new and more realistic perceptions than we have had in recent years. We probably should face up to the need for some serious new thinking about the road we are traveling in trying to feed ourselves and a sizable part of the world.

#### MILLING AND BAKING NEWS THRIVES BY EXCLUSIVITY AND SPOTTING TRENDS

(By David P. Garino)

KANSAS CITY, Mo.—As trade publications go, Milling & Baking News isn't exactly run-of-the-mill.

It regularly turns away would-be subscribers. It doesn't engage in any unseemly scramble for advertising; until a few years ago, it didn't even hustle it, prospering instead on a steady flow of unsolicited ads. Rather than pack its pages with publicity handouts and canned articles, it develops its own fact-filled stories that alert readers to major trends in their business. In all this, the magazine probably offers a classic lesson in how an honest and aggressive trade publication can make itself indispensable.

"I've been reading Milling & Baking News for 37 years, and we could hardly run our business without it," says D. L. Barber, group vice president of grain milled products for ConAgra Inc. Says Robert Fanelli, president of Arnold Bakers Inc., Greenwich, Conn.: "I can't imagine any executive in this field not reading it. I'd be doubtful of the capability of anyone who didn't."

The slick-paper, tabloid-size weekly, which costs \$12 a year, counts only 5,657 subscribers. But more than 1,000 of them are chief executives or owners of milling and baking firms, and more than 1,100 others are marketing, sales and purchasing executives. Investors and amateur commodities traders sometimes try to subscribe, but they get turned down. Morton I. Sosland, editor and publisher, says the magazine is aimed at "decision makers" in the grain industry rather than "doctors, lawyers and Indian chiefs who are speculators."

#### MEAT PRICES AND PASTA

Milling & Baking News provides financial news of companies in its industry and regular, highly technical features on developments in the markets for wheat futures, bakery flour and livestock feed. It also has interpretive trend reports like a recent one by Mr. Sosland on how natural-gas shortages are affecting bakery operations.

Another typical trend article is one headed "Outlook Now Favorable for Enrichment Changes." An analysis by the editors concludes that new federal flour-enrichment standards probably will take effect despite the objections of some doctors to increasing the amount of iron in flour, bread and rolls. A story headed "Major Food Consumption Changes Seen" notes, among other things, that high meat prices have helped pasta sales. And a piece titled "World Wheat Use Uptrend Persists" predicts that world-wide wheat consumption will increase for the sixth straight year despite shortages.

"The magazine has in one place all the factors that bear on the price of flour," says

Steve Vesecky, a vice president of Campbell Taggart Inc., the big Dallas-based baker. Mr. Vesecky gets one copy at his office, another at home. Subscribers who need information they can't find in the magazine can call its offices in the Board of Trade Building in Kansas City. "Within five minutes they'll have something it would take the Department of Agriculture two weeks to find," an executive says.

Mr. Sosland is on a first-name basis with nearly every top executive in the industry. The executives often ask his advice on mergers, plant expansions and personnel changes. Not long ago, he introduced an acquiring company to a company that wanted to be acquired.

#### A FAMILY AFFAIR

David Sosland (Morton Sosland's father) and two brothers started the magazine in 1922. It was called the Southwestern Miller until last year. When it started, the field was crowded with at least seven other milling trade-papers and a dozen grain journals that gave some coverage to flour production. Milling & Baking News is the only weekly left in the field today.

Morton Sosland grew up on the magazine. As a teen-ager he ran the addressing machine. He graduated from Harvard in 1946 with a degree in economics, "I got off the train, went straight back to work and have been here ever since," he says.

Morton Sosland's personal interests stretch far beyond the wheat belt. For example, he owns outstanding collections of Mayan and Aztec, North American Indian and primitive African art. Still, he works at the magazine seven days a week, on Sunday limiting himself to a couple of hours in putting the final touches on the week's issue, published on Tuesday. His two uncles, Samuel and Louis, are managing editor and senior editor. His brother, Neil, also is a senior editor. With two other editorial staffers, the Soslands put out a magazine that contains about the same number of words each week as Time.

In return, the editors get salaries that range above \$30,000 a year. Outside sources estimate that yearly advertising revenues exceed \$700,000, though the amount of profit is a closely guarded secret. Most of it, it is known, is distributed to the Soslands and other employees. The family still owns the magazine.

Barely known outside its field, Milling & Baking News got into the news last year when the Soviet Union was negotiating to buy a huge amount of American grain. On July 17, Mr. Sosland got a telephone call from a man who identified himself as John Smith, an editor of the Financial Times of London. Mr. Smith displayed an uncommon knowledge of Russian grain-buying plans and the American market situation. His calls continued for nearly a month. In discussing the grain negotiations, Mr. Smith gave Mr. Sosland some useful tips for stories.

Mr. Sosland got suspicious and eventually checked with the Financial Times. He learned that Mr. Smith didn't work there. Mr. Smith later told him he was employed by a "secret information office." Mr. Sosland still can't figure out who Mr. Smith really was. One theory: Mr. Smith was a Russian, seeking to doublecheck the Russians' assessment of the U.S. grain market in order to improve their bargaining position.

#### COMMODITY TRADING

### HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BOLLING. Mr. Speaker, the Kansas City Star on August 12 had an in-

teresting lead editorial on commodity trading. Regardless of one's views on this complicated subject, it expresses a significant and interesting point of view.

#### CONFUSION OVER SPECULATOR'S ROLE IN COMMODITIES TRADING

A group of farmers attending the Ozark Empire Fair in Springfield, Mo., recently vented their ire over several developments threatening their financial security. According to Frank Farmer, farm editor of the News and Leader newspapers, the farmers were frightened by dry weather, militant over low cattle prices and still angry at Washington over price controls, which started a process still distorting those prices.

But their biggest complaint, especially by dairymen plagued by low milk prices at the farm and high grain prices, was over speculation in the marketplace. One man shouted that permitting speculation in grain at a time of a threatened shortfall in U.S. production "borders on insanity." Unfortunately, that charge also prevails in more lofty councils, including Congress, where something more concrete than sound and fury could emerge in the form of legislation.

On the same day a U.S. senator visited the Kansas City Board of Trade as a member of a committee studying the entire commodities trading structure; however, his emphasis was on transportation. A committee staff member with the senator predicted legislation to tighten up supervision of the futures market.

What the Ozark farmers failed to realize is precisely what the senators must: The present system of commodity transactions, including futures trading, must be preserved. Its role is vital in preventing erratic swings in commodity prices and any major tampering certainly would cause both consumers and farmers even more pricing grief. That is not to say the system, which has grown enormously in the last several years, cannot be improved by the judicious cooperation of the Congress and the commodities exchanges.

The fact is that futures trading, which has evolved in the last 100 years from a simple forward pricing contract to a complex and often misunderstood giant, would not work without speculators. They are the ones willing to take the financial risks in return for the possibility of making a profit that others, among them packers, bakers and millers, cannot assume. Speculators bring to the market some degree of stability, whether that particular commodity be wheat, corn, soybeans, precious metals or whatever. Farmers, of course, also are speculating in a different way when, as this year, they hold their grain in hope of higher prices later on in the marketing year.

To visualize futures speculation and trading in an ultra-simple approach, picture a teeter-totter with the speculators on each end. They ride up and down freely, but movement is scarcely discernible at the fulcrum. That's where the commercial hedgers gather to buy and sell the commodities they and their companies need for future market and food production requirements. The hedging process becomes a form of price insurance.

At the steady fulcrum bakers, for example, can assure themselves through hedging of a ready and dependable supply of flour at relatively stable prices for months ahead. The costs of other raw materials, labor and transportation are more unpredictable, but to some extent through the present system of trading every consumer is protected from violent price fluctuations because that risk is taken by speculators. That function is what the nation's lawmakers and consumer groups should take great care to perpetuate against well-intentioned but ill-informed critics.

HERMANN, MO.'S DECLARATION  
FOR 1976

## HON. RICHARD H. ICHORD

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ICHORD. Mr. Speaker, on July 26 it was my privilege to participate in the Bicentennial flag presentation ceremonies at Hermann, Mo., which launched this predominantly German community as an officially designated Bicentennial community. Hermann has an old and valued heritage, and since its incorporation in 1839 has built upon this heritage to maintain a progressive, involved, and self-reliant community which has contributed greatly to the State of Missouri and to the Nation as a whole.

Under the leadership of C. M. Bassman, mayor of Hermann, and A. A. Schweighauser, chairman of the Hermann Bicentennial Commission, and with the enthusiastic and dedicated support of Hermann's residents, the city of Hermann has already undertaken early preparations for the part it will play in this Nation's Bicentennial which, in my estimation, exemplify the true spirit, knowledge, and understanding of the binding link between America's past, America's present, and America's future—the three underlying themes of the Bicentennial. Back in 1847 a Missouri Fourth of July orator eloquently summed up the reasons why this Nation is the oldest surviving democratic form of government under a republic and I quote:

Though all former governments have fallen and yielded to the corroding influences of time, and shared the fate of all other human concerns, yet there are principles firm as the unchangeable rocks of Adamant, upon which the fabric of government will stand, until human affairs shall have ceased and Heaven's Messiah shall fill the throne of peace. Those principles are founded upon the equality of mankind, upon truth, reason and justice; and the government whose foundations rest upon these, and whose strength is dependent upon the free will of a vigorous people, will only fall when time shall grow hoary with age, and nature herself shall decay.

The recent resolution of purpose and commitment adopted by the Hermann Bicentennial Commission on July 10, 1974, setting forth Hermann's plans for the Bicentennial, firmly accepts the challenge of this oration recognizing with foresight that the great opportunity of the Bicentennial is not only to reawaken those values and ideals which have made this experiment in democracy sound but also to carry them forward with dedication and strength for all the future years to come.

I would commend Hermann's "Declaration for 1976" to the attention of my colleagues and take this opportunity to include this eloquent expression of one community's plans for the Bicentennial in the RECORD.

## EXTENSIONS OF REMARKS

[From the Advertiser-Courier, July 17, 1974]  
A DECLARATION FOR 1976

(Resolution of Purpose and Commitment Adopted by the Hermann Bicentennial Commission, July 10, 1974)

The Hermann Bicentennial Celebration Commission looks forward to 1976 and the years that follow as an era of bicentennial celebrations of American independence and democratic achievement. The purpose of our Commission is to guide and assist our fellow citizens in responding to the opportunities of 1976 and subsequent years.

The celebrations of 1976 and after will draw strength and purpose from the document that inaugurated American independence with the bold and brave assertion that all men have a right to life, liberty, and the pursuit of happiness. Our celebration in Hermann will therefore be concerned with the quality of the lives we lead both as individuals and as participants in our community and in the nation, with the health of our liberties, and with the sense of security that is the foundation of our happiness.

We intend to be guided by an awareness of the heritage of freedom and equality that was earned for us in an earlier day. We will also be guided by a commitment to the spiritual, social, intellectual, and physical environments we share with each other, and on the well-being of which that heritage is sustained and enhanced.

The Declaration of Independence was—and continues to be—a magnificent promise. We propose to make Hermann's celebration and bicentennial activities an example for communities throughout these United States of how that promise has been—and will be—fulfilled: Fine public schools, decent housing, and rewarding opportunities for participation in and service to the community for all citizens, regardless of age, race or political persuasion. A climate of respect and self-respect for our senior citizens, those persons who are now the trustees of the past, will be sought; for the inheritors of the future, our youth, a socially healthful atmosphere that draws wisdom from and appreciation for the past, as well as an atmosphere that finds promise in the time yet to come, will be created. Our Commission's intention is thus not only to recall the past but also to inventory the future as this community, the nation and the world move toward an exciting, challenging and potentially most rewarding future that man has ever confronted.

The years ahead can be both a time of celebration and an opportunity for assessment and correction, for matching promise with performance, for overcoming the neglect and abuse which sometimes we have allowed to tarnish our ideals, our liberties, and our lives.

The monuments and publications of 1976 will include the restoration and preservation of physical reminders of vanished times, and thus will protect vital meanings of the past for our use in the future. More importantly, however, 1976 offers Hermann the opportunity to celebrate and strengthen the promise of 1776 in actions that will continue to build on two-hundred years of tradition that has given the nation and our community unbiased educational progress, privilege to worship where and how we prefer, liberty to communicate our ideas and opinions freely to society and to our neighbors, an unfettered public press, the right to elect by majority vote our government representatives, perpetuation of our other civil liberties, and legislative support for human happiness, however we may choose to pursue it.

In the months and years ahead we will plan with Hermann's elected and appointed officials, representatives of the county, state, and nation, appropriate organizations and institutions, and interested citizens of all ages for Hermann's contribution to the renewal of the Spirit of '76.

[From the Advertiser-Courier, July 31, 1974]  
BICENTENNIAL HONORS TO CITY

"Your community was chosen as a Bicentennial City because of its great heritage. Your community represents so very well the very important contributions of German people to the development of this great state and nation," Lt. Gov. William Phelps said in his address at the Hermann Bicentennial Flag Presentation program at the German School, Friday afternoon.

A nice-sized crowd of well over 200 persons attended the program despite temperatures near the 100-degree mark. Those attending sought shaded areas to escape the heat of the sun.

Phelps continued by saying, "You are being awarded this flag because your heritage is both unique and at the same time similar to the history of others who became early Americans."

The lieutenant governor traced the history of the German people who were forced to leave their homeland due to political intolerance, religious oppression and their eventual settlement in Missouri.

"On Aug. 27, 1831, a German Settlement Society of Philadelphia was established for the purpose of settling a colony in the far western United States," he said. "The Germans wanted their own communities to maintain a strong sense of cultural conditions while enjoying the benefits of an endless frontier. The community of Hermann was thus founded here in one of the most fertile valleys, reminding many settlers of their Bavarian homeland. Since that time, Gasconade County has had a more strictly German flavor than any county in Missouri."

Phelps pointed out Hermann prospered after the Civil War as a trade center. "The Hermann winery became known throughout the world and would have gained greater recognition had not Prohibition appeared," he said. "Even though the town's major industry was an economic disaster, well before the Great Depression, the community survived that crisis because of the resourcefulness and self reliance of its people, without the kind of government assistance that was later sought by many other communities in similar circumstances. The community never asked for such aid and succeeded in surviving the crisis in the general spirit of the early settlers."

"The winery, museums and historic homes today are living proof that Hermann is still a unique German settlement."

"The annual Malfest, which was revived and instituted 22 years ago as a public celebration by citizens proud of Hermann's past, reminds Missourians, and all of us in the United States, of the important role that Hermann has played in the development of the state and nation."

"It also vividly demonstrates the vitality of this excellent, fine community for the future, built upon its firm foundation of the past," he concluded.

Other speakers were Mayor C. M. Bassman, who extended the welcome and accepted the Bicentennial flag; Ken White, executive secretary of the Missouri Bicentennial Commission; Secretary of State James C. Kirkpatrick, Congressman Richard Ichord of the Eighth District, State Senator James A. Noland Jr., chairman of the Missouri Bicentennial Commission; and Councilwoman Carolyn McDowell of Jefferson City. Other guests on the speaker's platform were State Senator Ralph Uthlaut Jr. and State Senator Frank Bild.

White presented the framed Bicentennial certificate to Secretary of State Kirkpatrick, who made the presentation to Chairman Schweighauser of the Hermann Commission. Senator Noland made the official presentation of the Bicentennial flag to Mayor Bassman.

Schweighauser, who served as master of ceremonies, read a telegram received by

Mayor Bassman from Governor Christopher S. Bond which said, "Congratulations to each and every resident of the City of Hermann as you gather today to begin your celebration of our nation's 200th birthday. I regret that a previous commitment will keep me from sharing this special occasion with you. Your planning and progress toward a meaningful Bicentennial community is commendable. This recognition as an official Bicentennial community is most praiseworthy. Best wishes to each of you as you continue your patriotic work toward an even better future for Hermann, the State of Missouri, and our Great Nation."

Also participating in the program were Rev. Fr. Miro Wiese, Rev. J. A. Slover, the Hermann V.F.W. Post color guard, members of the Hermann Boy Scout and Girl Scout troops, and the Hungry Five.

#### ABC EVENING NEWS COMMENTARY

### HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. TEAGUE. Mr. Speaker, veteran news commentator, Howard K. Smith, made some interesting points regarding this Nation's space efforts during the July 16, 1974, ABC Evening News.

Mr. Smith points out the recent advances due to our space program and the potential the program will undoubtedly produce for the United States.

I commend the commentary to you, my fellow Members of Congress and the general public.

The commentary follows:

COMMENTARY, ABC EVENING NEWS, JULY 16, 1974

The only thing space exploration has in common with Watergate is, both show how quickly we become jaded with sensations.

In the case of lunar flight, whose fifth anniversary Jules Bergman just noted, it is a pity.

I have never been able to follow those who say it was a wasteful folly to pour all that money into outer space when we need so much here on earth. I think it has been the greatest adventure of the age of the most fruitful.

Its thousands of useful spinoffs range from pacemakers that extend life of heart patients to a computer technology that is without a competitor in the world.

Spy satellites, a byproduct that has opened Russia and America wide to one another's inspection, has done more for real detente than Henry Kissinger.

Now when we are bombarded with dire predictions of overpopulation and exhausted raw materials, British writer Adrian Berry produces a book saying, nonsense—thanks to space exploration we shall soon mine the moon and in time other planets.

He projects our planting hardy algae on Venus to consume its atmosphere of carbon dioxide and turn it into an atmosphere of oxygen, permitting human colonization.

It sounds ridiculous, but no more than walking on the moon would have sounded twenty years ago.

The time may come when this day will be more celebrated than the day Columbus sighted San Salvador—the day man opened the door of the universe and multiplied his range by millions.

#### ROSENTHAL REPORTS RESULTS OF QUEENS POLL ON ECONOMY, ENERGY, GOVERNMENT

### HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ROSENTHAL. Mr. Speaker, more than 3,000 residents of the Eighth Congressional District of New York—Queens—which I represent, responded to a survey I sent them this month by indicating they do not want President Ford to continue the economic policies of his predecessor.

Unless there is a decisive change in national economic policy, more than 9 out of 10 said they feel "the economic future for the average American does not look good." The course of action most preferred is balancing the Federal budget by cutting spending—the last thing they want is a tax increase.

The survey was conducted by mail during the Presidential transition in the first 3 weeks of August.

#### AUGUST 1974 SURVEY RESULTS

First. Faced with the worst peacetime inflation in our Nation's history, and with consumer prices rising faster than wages, Queens families indicated they are cutting back on virtually all aspects of their standard of living, but nowhere so much as on travel and entertainment.

That category accounts for nearly one-fourth of all cutbacks—23.4 percent, with savings and investments a close second—23.1 percent. Food is the next category—6.5 percent, followed by clothing—15.9 percent, and home and home improvements—13.8 percent. The one area apparently least affected, or possibly least flexible, is medical and dental care. That category accounted for only 7.3 percent of the cutbacks.

Second. A cut in Federal spending to balance the budget is the most preferred method for fighting inflation—39.4 percent. The least preferred step is a tax increase—4.5 percent. Other anti-inflation moves supported by Queens residents include a rollback in the prices of food, fuel, and other essential items—38.8 percent and a reinstatement of strict price controls—21.8 percent. Only 5.5 percent opposed any controls and favored letting "the free market follow its natural course."

Third. An overwhelming majority of Queens residents expressed deep concern over the economy. Some 92.4 percent said they "have serious doubts about our present economic policies and the economic future for average Americans does not look good."

A sparse 6.3 percent said they were only "somewhat concerned" and felt that although "things will be tough temporarily" the economy "will eventually straighten out if we follow the present course."

The remaining 1.3 percent said they are "not too concerned" and expressed confidence that "things will turn out OK."

Four. By a wide margin, Queens residents said the big oil companies are most

responsible for the energy crisis—32.5 percent. Presidential inaction was blamed next—18.5 percent—with Congress close behind—17 percent. The Arab oil countries came next—15.2 percent—followed by wasteful consumers—9.8 percent—and the increased world demand for energy—6 percent.

Five. Faced with continued high prices for gasoline, heating oil and other petroleum products, Queens residents called for elimination of the oil depletion allowance, foreign tax credit and other tax breaks enjoyed by the oil and gas industry—28.5 percent—and a rollback in the price of domestic oil—23.8 percent.

The measure enjoying the least support—of those suggested—was Federal subsidies to energy consumers in those areas of the country hardest hit by high petroleum prices—12.4 percent.

Nearly one in five favored some form of nationalization of the oil and gas industry—19 percent—and the remaining 16.3 percent wanted to see the establishment of a Federal oil and gas corporation which would operate on Federal lands and in competition with private oil companies.

Six. On the question of trade with the Soviet Union, 57.3 percent favored withholding "most favored nation" status and other trade concessions until the U.S.S.R. allows free emigration of Soviet Jews and other minorities. And 42.9 percent wanted the Soviets to allow more political and religious freedoms to its citizens before winning any trade concessions from the United States.

Seven. When asked to rate five units of government—the President, Congress, courts, New York State government and New York City government—for overall effectiveness in facing and solving America's problems, a majority of respondents gave each one a negative rating.

The Congress got the best rating, but just barely—48.5 percent gave it a fair-to-good grade. New York State government was a close second with 48.2 percent approval; the courts were third with 45.6 percent; New York City government next with 30 percent positive, and last place with only 18.3 percent was the President of the United States. This survey was mailed out the week President Nixon resigned and responses began returning in bulk by the end of the week and continued for 2 weeks after that.

Eight. The survey indicated persons most often call on city hall or some city agency for help in solving problems. Next in line is their Congressman followed by city councilmen, U.S. Senator, State assemblyman, President or Federal agencies, State senator, Governor or State agency and, finally, the courts.

But when it comes to getting results, first is last. The most frequently called—the mayor and his agencies—ranked lowest in satisfied citizens. Only 16.3 percent of those seeking help were satisfied with the service they received from city hall. Tied for first were those citizens contacting their State assemblymen and senators, with a 66.7 percent satisfaction rating. City councilmen and U.S. Congressmen were a close second with 61.6

percent and 61.1 percent ratings, respectively.

Others, in descending order, were Governor or State agency—50 percent, U.S. Senator—46.3 percent, President or Federal agency—30.2 percent, the courts—25.9 percent, and, finally, mayor or city agency—16.3 percent.

CONGRESSMAN BEN ROSENTHAL'S EIGHTH CONGRESSIONAL DISTRICT QUESTIONNAIRE, AUGUST 1974

1. We are now experiencing the worst peacetime inflation in our nation's history. With consumer prices rising much faster than wages, most families have been forced to cut back on their standard of living. Please check the areas, if any, where your family has had to cut back most:

- (Answers in percent, numbers in parentheses represent rank of importance)
- a. Food ..... 16.5(3)
  - b. Clothing ..... 15.9(4)
  - c. Travel and Entertainment ..... 23.4(1)
  - d. Medical and Dental Care ..... 7.3(6)
  - e. Home and Home Improvements ..... 13.8(5)
  - f. Savings and Investments ..... 23.1(2)

2. If inflation is not brought under control in the very near future, would you favor:

- a. A reinstatement of strict price controls ..... 21.8(3)
- b. A rollback in the prices of food, fuel and other essential items ..... 29.8(2)
- c. No controls, let the free market follow its natural course ..... 5.5(4)
- d. Balancing the federal budget by cutting spending ..... 39.4(1)
- e. Balancing the federal budget by raising taxes ..... 4.5(5)

3. As you look ahead for 1974-75, check the following statement that best describes your feelings about the economic outlook:

- a. Not too concerned—think things will turn out OK ..... 1.3(3)
- b. Somewhat concerned—think things will be tough temporarily but will eventually straighten out if we follow the present course ..... 6.3(2)
- c. I am deeply concerned. I have serious doubts about our present economic policies and the economic future for average Americans doesn't look good ..... 92.4(1)

4. As you analyze the energy crisis, which of the following do you think is most to blame:

[Answers in percent, numbers in parentheses represents rank of importance]

- a. Big oil companies ..... 32.5(1)
- b. Congressional inaction ..... 17.0(3)
- c. Presidential inaction ..... 18.5(2)
- d. Arab oil countries ..... 15.2(4)
- e. Increase in world demand for energy ..... 6.9(6)
- f. The whole country, because we are unwise in our use of energy ..... 9.8(5)

5. If the price of gasoline, heating oil and other petroleum products remains high would you favor any or all of the following governmental actions:

- a. A rollback in the price of domestic oil ..... 23.8(2)
- b. A full or partial nationalization of the oil and gas industry ..... 19.0(3)
- c. The establishment of a federal oil and gas corporation which would operate on federal lands and in competition with private oil companies ..... 16.3(4)
- d. Elimination of the oil depletion allowance, foreign tax credit and other tax breaks to the oil and gas industry ..... 28.5(1)
- e. Federal subsidies to energy consumers in those areas of the country hardest hit by high petroleum prices ..... 12.4(5)
- f. Do you believe that the United States

should withhold "most favored nation" treatment and trade concessions from the Soviet Union until that country:

- a. Allows free emigration of Soviet Jews and other minorities ..... 57.3
- b. Allows much more political and religious freedoms to its citizens ..... 42.9

	Percent—			Rank
	Good	Fair	Poor	

7. How would you rate the overall effectiveness of the following units of government in facing and solving America's problems:

	Good	Fair	Poor	Rank
(a) President	6.0	12.2	81.7	5
(b) The Congress	7.4	41.1	51.5	1
(c) The Courts	12.4	33.2	54.4	3
(d) New York State government	3.7	44.5	51.8	2
(e) New York City government	2.3	27.7	70.0	4

	Frequency		Satisfaction	
	Per-cent	Num-ber	Per-cent	Num-ber

8. Have you, in the past year, contacted any of the following public officials or agencies for assistance. If yes, check the 1st box; if you were satisfied with the service you received, check the 2nd box, too:

	1st Box	2nd Box	Rank
(a) President or Federal Agency	9.0	6 30.2	6
(b) U.S. Senator	11.4	4 46.3	5
(c) U.S. Congressman	16.1	2 61.1	3
(d) The Courts	4.6	9 25.9	7
(e) Governor or State agency	6.4	8 50.0	4
(f) State senator	8.1	7 66.7	1
(g) State assemblyman	9.2	5 66.7	1
(h) Mayor or city agency	17.6	1 16.3	8
(i) City councilman	12.4	3 61.6	2

REESTABLISHING CLOSER RELATIONS WITH FREE CHINA

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ASHBROOK. Mr. Speaker, the United States and the Republic of China have long been friends and allies. Unfortunately in the past few years the previously close relationship has become somewhat more distant. President Ford has the opportunity to restore this alliance and friendship to a better condition. I hope that he will take this opportunity.

There are indications that such steps are already being taken. The President, in his remarks to the joint session of Congress, stated:

To our allies and friends in Asia, I pledge a continuity in our support for their security, independence and economic development.

The Free Chinese have long attempted to maintain a strong friendship with our country. It is interesting to note an editorial from the English language China Post of August 13, 1974, which was published in Taiwan. In part it states:

It is high time for the United States to distinguish between friends and foes and not to mistake foes for friends. The United States should realize that the Chinese people of the Republic of China are its true allies and friends.

At this point I include in the RECORD the full text of the editorial entitled "Sino-American Friendship."

The editorial follows:

SINO-AMERICAN FRIENDSHIP

President Gerald Ford's assumption of office provides an opportunity to build a new basis for Sino-American friendship.

Secretary of State Henry Kissinger received 58 foreign ambassadors and charges d'affaires at the State Department last Friday to assure them of the continuity of American foreign policy despite the resignation of Mr. Richard Nixon. In addition, Kissinger also sent messages to all foreign ministers conveying the same assurances.

Secretary Kissinger's message to Minister of Foreign Affairs Shen Chang-huan of the Republic of China was personally delivered to the Foreign Minister by U.S. Ambassador Leonard Unger at the Foreign Ministry last Saturday morning. The message reiterated that the United States will honor all its commitments to China in addition to the assurances conveyed to Ambassador James Shen by U.S. Deputy Secretary of State Robert Ingersoll on behalf of President Ford and Secretary Kissinger.

These assurances have been reciprocated by the spokesman of the Foreign Ministry and other Chinese leaders. It must be admitted that the present Sino-American relations are not as close as they should be. Considering our traditional friendship and common aspirations for freedom, democracy and justice, as well as the existing Sino-American Mutual Defense Treaty, our relations should be much closer. This regrettable situation is largely due to former President Nixon's illusion about U.S.-Red China détente, which Nixon considered as having "unlocked the doors that for a quarter of a century stood between the United States and the People's Republic of China."

As Madame Chiang Kai-shek has said in her comments on former President Nixon's views, "the unlocking the doors of the mainland would indeed be a very good thing were it true." She pointed out that there is no free egress nor free ingress and cited the recent views of Lord Michael Lindsay, Lady Lindsay and former Deputy Director of the U.S. Liaison Office in Peiping, China expert Alfred Jenkins, to show that the doors are far from being unlocked and that such a regime cannot bring true well-being to the Chinese people and cannot open a glorious vista for the country.

Madame Chiang asked a very pertinent question: "Could anyone with a modicum of intelligence ever honestly think that establishing formal relation with a repressive regime can mean that the Chinese people on the mainland will turn instantly from being 'enemies' of the United States into 'friends' of the United States?" That this is impossible has been proven by the fact that today the Chinese Communists still classify the United States as their Enemy No. 1.

Indeed, as Madame Chiang has so wisely said, there is no such thing as instant friendship as instant coffee. Nixon's dream of friendship with the Chinese Communists has certainly not been realized as evidenced by David Bruce's frustration in Peiping.

The Chinese people are indeed real friends of the American people. Refugees from the mainland have told us that the mainlanders are bitter toward the establishment of closer relations between the United States and the Peiping regime because they consider it as putting the stamp of approval on their enslavement.

There is an urgent need to reexamine the present relations between the United States and the Chinese people as a whole. It is high time for the United States to distinguish between friends and foes and not to mistake foes for friends. The United States should realize that the Chinese people of the Republic of China are its true allies and friends and that Nixon's wishful thinking in hoping for the promotion of U.S.-Peiping friendship should never be respected in the future.



MIDPARK HIGH SCHOOL'S SURVEY  
OF HAZARDOUS TOYS

## HON. WILLIAM E. MINSHALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MINSHALL of Ohio. Mr. Speaker, students of Midpark High School, Middleburg Heights, Ohio, recently made two highly interesting and potentially valuable surveys. As a project for their home economics and child development classes, they conducted neighborhood interviews to determine what parents think of toys now on the market and to obtain their ideas for better and safer playthings. Approximately 80 percent of the families interviewed reported accidents involving toys and children.

Steven J. Chorvat, chief of the Bureau of Neighborhood Conservation and Environmental Health Services of the Cleveland Department of Health, was consultant for the project. I would like to join him in congratulating both students and teachers on their work, results of which are to be sent to the U.S. Consumer Product Safety Commission.

Under leave to revise and extend my remarks, I would like to include the following in the RECORD:

MIDPARK STUDENTS LAUDED FOR UNSAFE TOY  
SURVEY

Home economics and child development classes at Midpark High School have been commended by Steven J. Chorvat, chief of the Bureau of Neighborhood Conservation and Environmental Health Services of the Cleveland Department of Health, for their participation in a "safe and hazardous toy" program.

The U.S. Consumer Product Safety Commission estimates there are 700,000 injuries from unsafe toys every year in the U.S.

Students made two surveys in their neighborhoods during the school year to determine what parents thought of available toys, and to elicit their ideas and suggestions for better and safer toys.

As a result of the survey, parents and students came up with many such suggestions for stores, toy manufacturers, the U.S. government Consumer Product Safety Commission, and local authorities to follow for better and safer toys to protect children.

Teachers involved in the program included Carol Templeton, Carol Pickering, Carol Barnes, Kit Emch and Jan Flowers.

The Environmental Health Services of the Cleveland Department of Health cooperated with teachers and students in helping to plan the program and compiling data from the neighborhood surveys.

Programs on safe and hazardous toys are also presented through local libraries.

[From the Plain Dealer (Cleveland), Mar. 21, 1974]

PUPILS' SURVEY TURNS UP 1,088 INJURIES  
FROM TOYS

(By Thomas H. Gaumer)

A new toy does not necessarily bring happiness, according to Middleburg Heights residents.

In fact, a new toy often causes unhappiness and even bitterness, pupils at Midpark High School learned from a survey of 841 residents. Most of the residents complained of toys breaking and children being injured, sometimes seriously, by new toys.

Using a form designed by the Cleveland Department of Health, six home economics classes conducted the survey. Their results

were compiled by Steven J. Chorvat, the health department's chief of neighborhood conservation.

The classes recorded 1,088 instances where children were injured by toys. Some parents said they have concluded that the way to avoid the problem is to make toys instead of buying them.

The survey showed that most toy injuries were cuts, bruises, burns and shocks. Among the 814 respondents, injuries mentioned included 53 children with broken bones, 56 who choked from swallowing small objects, one child who lost an eye, another who lost a finger and three who were poisoned. One boy lost his hearing for three months because of a cap gun.

The long list of toys that caused injuries included bicycles, electrical and chemical toys, guns that shoot objects, metal doll houses and other metal toys, exposed screws and nails and wires in stuffed toys.

A large majority of those surveyed also said that some toys began to fall apart within days or weeks of purchase. They also said that toys are not as well made as they were a few years ago.

Among suggestions from the respondents for making toys safer were:

Don't take advertisements for gospel. They are designed to sell.

Manufacturers should tag toys warning of dangers.

Remove false advertising from television. Children see the advertisements and demand the toys.

Warn friends and neighbors about unsafe toys.

Put yourself in the child's place when buying toys. Ask yourself if he could break the toy and what kind of injury it could cause.

Stores should watch closely the toys they buy.

Miss Kit Emch, one of three home economics teachers whose pupils participated, said each youngster was given 10 questionnaires and asked to have them filled by friends, neighbors and by going door-to-door.

## CONGRESSIONAL INTEGRITY

## HON. ANDREW J. HINSHAW

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HINSHAW. Mr. Speaker, I have recently sent letters to Senator LEE METCALF in his capacity as chairman of the Joint Committee on Congressional Operations, and to Representative JACK BROOKS as vice chairman of that committee. These letters were in regard to the recent unauthorized release of personnel employment requests by the Office of Placement and Office Management.

I believe this is a matter that all Members of Congress should be concerned with. Therefore, I would like to share with you the content of these letters:

DEAR SENATOR METCALF: For your information, I have attached a copy of a letter which I have sent to Mr. Jerry Snow, Administrative Officer of the Office of Placement and Office Management.

We have recently witnessed the ease with which some unknown persons have compromised the integrity of the Congressional Record by inserting material falsely attributed to some House Members, specifically Earl Landgrebe and John Ashbrook. We have now seen the unauthorized release of personnel employment requests to the embarrassment and the detriment of the individual Congressmen's offices involved.

As a result of a discussion with Representative Al Johnson yesterday, I gather that this disclosure may have been made by a summer intern who stole copies of these records and sold them to a reporter.

Whatever the cause of the unauthorized release it would seem to me that the Office of Placement and Office Management should consider the approach that I have voluntarily chosen to take.

One can only speculate as to why erroneous material may have been inserted in the Congressional Record. Also, one can only speculate as to why personnel employment requests were released without authorization. Whatever the reason, the ease with which these two unfortunate events occurred would indicate that a change in procedure is in order if we are to prevent similar occurrences in the future—and from being enlarged into political dirty tricks to the detriment of the integrity of Congressional honor.

DEAR MR. SNOW: In view of the articles contained in the Washington Post and in the Washington Star-News of the past few days pertaining to allegations of discriminatory hiring practices, please advise your staff that any requests from my office should not be honored nor any file maintained unless you receive a letter signed by me.

This procedure should protect both our offices from the unauthorized release of employment requests.

I would think that you should encourage a similar procedure from other offices so as to prevent the occurrence of unauthorized releases of your files in the future.

## FARM SUPPLY PRICES 1974

## HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MURTHA. Mr. Speaker, inflation has hit many groups over the past few months. In some cases the evidence is at the supermarket check-out counter; for other people it means less money in their savings account; for others it means less extra money to spend on marginal items.

But few groups have been as hard hit as farmers. And in few other areas do the figures show so well how inflation has affected their daily lives.

I was at a congressional workshop in Indiana, Pa., last week, Mr. Speaker, at which County Commissioner Jay Dilts and Mr. Joe George, an Indiana County farmer presented me with a list of items that graphically demonstrate how inflation has affected the independent Pennsylvania dairy farmer.

Here, Mr. Speaker, is a list of comparative prices for farm supplies between August 1973 and August of this year.

	August 1973	August 1974
33 percent topper (ton).....	\$95.00	\$184.00
Hog feed (100 lb).....	8.95	9.50
55 percent beemix (100 lb).....	8.25	9.40
10-20-20 (ton).....	99.00	190.00
15-15-15 (ton).....	95.00	181.00
10-10-10 (ton).....	78.00	140.00
Balor twine (bale).....	8.95	24.95
Smooth wire (coil).....	9.95	21.95
Barbed wire (roll).....	19.19	27.99
Lime (pulverized) (ton).....	9.50	10.50
Hi mag. lime (ton).....	11.50	12.50
Iodophor (gallon).....	4.15	5.25
Pipeline cleaner (20 lb).....	9.30	11.95
Diesel fuel (gallon).....	.17	.38

At the same time, Mr. Speaker, that these prices have risen so sharply, a quart of milk that the farmer produces today returns 16 cents while it returned 19 cents a year ago.

Over the next weeks as we work to develop an economic policy that will finally halt the growth of inflation, these figures leave no doubt that part of our concern must be directed to the farmer and his economic difficulties.

We all benefit from a strong farm community, and we will all benefit from an economic policy that helps make these farms strong. I greatly thank Mr. Dilts and Mr. George for providing me with these figures. They were a great help to me, and I know they dramatize this issue for all the Members of the House.

#### ROCKDALE PLANS HOMECOMING

### HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. O'BRIEN. Mr. Speaker, Rockdale, Ill., a village of 2,085 residents in Will County, is planning its ninth annual homecoming for Labor Day weekend.

This gala event is a popular one in towns throughout Illinois and marks one of the high points of the summer for residents. It is a time for old and new residents to get reacquainted and make new friends. It also serves the dual purpose of enabling towns to raise money for worthwhile civic projects.

But above all, it is a time for tracing the roots of the town's heritage. The Rockdale homecoming is no exception.

One subject that always comes up at this time is the Mound. It was the Mound that made Rockdale stand out from other towns and it was the Mound that drew industry to the village.

When the last great glacier passed through the region around 500 to 600 B.C., it left behind a huge clay mound that towered over 60 feet into the air. According to historians, medicine was actually practiced for the first time in the State at this site.

Later on, the Joliet Drain and Tile Co. opened a plant there to make use of the fine potters' clay it contained. The town was first chartered by an employee of that company.

By the 1870's, pioneer farmers had settled in Rockdale and the Rock Island Railroad had run a line through town, linking it to important markets.

Rockdale was officially incorporated as a village on January 17, 1903. The Mound is gone now—Larkin Avenue runs past the site where it stood—but Rockdale continues to be a 20th century town with 19th century charm. Its people are friendly and hard-working, but they also know how to have a good old-fashioned celebration. There homecomings have clearly demonstrated this fact time and again.

The 4-day event planned for this year promises to top all others. A major activity is planned for each day and there will be something for everyone, from tots to grandpops.

Knowing that everyone loves a parade, Rockdale has planned not one but two. Village children will stage a "Kids' Parade" and a grand parade will feature all the trappings: ornate floats, beautiful belles to delight girlwatchers, and rousing music played by no less than 11 bands.

In addition, a carnival is coming to town complete with cotton candy, hair-raising rides and the inevitable games of skill for sporting folk. There is even a chance that local firemen will demonstrate the latest firefighting techniques.

The proceeds from the event are targeted toward community projects. Previously, thanks to the homecoming revenues, Rockdale has been able to purchase such vital equipment as a new fire engine and an ambulance.

I am sure that thanks to the citizens of Rockdale, this year's celebration will be a great success and I want to take this opportunity to congratulate all the people who have worked so hard to make this event a reality.

#### REPRESENTATIVE ABDNOR EULOGIZES THE LATE HONORABLE KARL E. MUNDT

### HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ABDNOR. Mr. Speaker, this past weekend South Dakota and the United States lost one of its great legislative leaders in the death of former U.S. Senator Karl E. Mundt. Beginning a career in Government in these Halls in 1938, he served here 10 years, then was elected to the other body where he conducted his office with great distinction until felled by a stroke. Today he is being buried in his hometown of Madison, S. Dak.

Karl Mundt dedicated himself to people as a school teacher in Bryant, S. Dak., continuing his career at General Beadle State Teachers College in Madison where he established his permanent home. In addition to helping found the National Forensic League, he was an ardent sportsman and conservationist, and served not only on South Dakota's Game and Fish Commission, but as a State and National officer of the Izaak Walton League.

After coming to Congress he began a fight against communism and for the preservation of American freedom that was to last the rest of his life. He was deeply concerned about the grave threats to our American system of government and dedicated his tenure to its staunch defense.

The legislation establishing the Voice of America bears his name. So does one of the first bills curtailing and combating communism—the Mundt-Nixon measure which became the foundation of the internal security law. Other Mundt legislation created UNESCO, amended the Soil Bank program to provide for conservation reserves, provided for cultural exchange and overseas information programs, and pioneered the pro-

tection of our endangered wildlife species.

He gained nationwide prominence as acting chairman of the House Un-American Activities Committee investigating Alger Hiss, during which Whitaker Chambers presented what Mundt dubbed the "Pumpkin Papers." These hearings were but a prelude to his later work in the Senate as acting chairman of the Army-McCarthy hearings when television was in its early days.

One of his lasting legacies is the Earth resources observation system—EROS—Data Center in Sioux Falls, S. Dak., which processes and disseminates photographs and other data relating to the land areas of the Earth obtained by satellite. The foresight of this center will be recognized in future generations, if only for the agricultural data it will obtain for a hungry world.

Part of his vision in preserving our American way of life was communicating it to other nations, not only through the Voice of America, but also through direct communications with our friends. He was a staunch advocate of and participant in the North Atlantic Treaty Organization's association of parliamentarians. Even more important was his early stress on the necessity to curtail nuclear weapons through international agreements as one of the cornerstones for building peace in the world.

A premier orator in the Halls of Congress known for its declamation, both as Congressman and as Senator, Karl Mundt attained great distinction, not only in his own right, but for the State of South Dakota which he served long and well. Although his fine career was cut short by a tragic stroke, his ability, his dedication, his statesmanship, and his leadership will long be remembered as exemplary in the field of government and politics.

The obituaries follow:

[From the Washington Post, Aug. 17, 1974]

FORMER U.S. SENATOR KARL MUNDT,  
REPUBLICAN OF SOUTH DAKOTA, DIES

(By Edward A. O'Neill)

Karl Earl Mundt, 74, who came out of the corn-and-hog prairie of South Dakota where he had been a teacher of speech to become one of the most vocal congressional critics of communism, both foreign and domestic, died yesterday at Georgetown University Hospital.

The cause of death was given as cardio-respiratory arrest. Sen. Mundt had entered the hospital Monday.

Sen. Mundt, who served in the House and the Senate for a total of 34 years, was as familiar to television viewers in 1954 as Sen. Sam Ervin was during the Watergate hearings, presiding over the Army-McCarthy hearings that presaged the fulminating Wisconsin senator's downfall.

Sen. Mundt ran the hearings after Sen. Joseph McCarthy stepped down during the dispute over charges that the Army had been pressured to give preferential treatment to draftee Pvt. C. David Schine, who had been an unpaid consultant on McCarthy's staff.

The Army-McCarthy hearings, however, did not mark Sen. Mundt's first appearance in the spotlight. He was acting chairman of the House Un-American Activities Committee in 1948 when it conducted investigations into alleged Communist infiltration into the State Department and other government agencies.

The investigation resulted in the indictment of Alger Hiss for perjury and also

brought Rep. Richard M. Nixon, then a freshman Congressman, onto the national scene. Sen. Mundt, who was something of a wordsmith, was credited for coining the label "Pumpkin Papers" for records key witness Whittaker Chambers had hidden in a pumpkin at his farm near Westminster, Md.

Sen. Mundt was a firm supporter of Sen. McCarthy, fought against the censure resolution the Senate adopted in 1954 against his colleague, and worked closely with him until Sen. McCarthy's death in 1957.

Although Sen. Mundt's activities during the McCarthy period were the most publicized, he had other, broader accomplishments on his legislative record.

With the late Sen. H. Alexander Smith (R-N.J.), he sponsored legislation that gave formal status to the Voice of America and authorized U.S. information and cultural activities abroad, activities now conducted by the U.S. Information Agency.

He was an ardent conservationist, who as long ago as 1942 tried to get legislation to stop pollution of rivers and streams and later to protect wetlands in various parts of the Patuxent National Wild Life Center.

Sen. Mundt was a typical Midwest Republican of the old school, whose voting record usually stood high with the conservative Americans for Constitutional Action. His only shortcomings in ACA's eyes were his votes on farm legislation, which virtually all the time were in support of beneficial legislation for the farmer.

On November 23, 1969, Sen. Mundt suffered a severe stroke that affected his left side and grievously impeded his speech, a harsh blow to a man who prided himself on his ability as a public speaker and held membership card No. 1 in the National Forensic League.

Sen. Mundt spent a year in the Bethesda Naval Hospital before returning to his Capitol Hill home at 122 Schott's Court NE. He never again took his seat in the Senate.

In 1970, the Republican leadership in the Senate tried to get Sen. Mundt to resign so that a Republican could be appointed to replace him by the South Dakota governor. But the Senator's wife, Mary, stoutly resisted the pressure. Sen. Mundt served out his term, and was replaced in the 1972 election by James G. Abourezk, a Democrat.

Sen. Mundt's last formal action in the Senate was to provide Minority Leader Hugh Scott (R., Pa.) in October, 1971, with a proxy letter signed in shaky handwriting that Scott used several times.

Karl Mundt was born in Humboldt, S.D., a small farming community in the southeastern corner of the state near Sioux Falls, on June 3, 1900. His father, Ferdinand, who had a hardware store, had come there from Iowa in the days when the state was a part of the Dakota Territory. (South Dakota became a state in 1889.) Sen. Mundt grew up on the prairies and learned to hunt and fish, diversions he was to follow enthusiastically until he became ill at 69.

He attended Carleton College in Northfield, Minn., where he got an A.B. degree in 1923. After graduation he taught speech and social science in the Bryant, S.D., high school and was later the town's school superintendent. He got a master of arts degree from Columbia University in 1927.

From 1927 to 1936, Sen. Mundt was chairman of the speech department and an instructor in social sciences at General Beadle State Teachers College at Madison, S.D. On his birthday in 1969, President Nixon dedicated the Karl and Mary Mundt Library at the institution, now Dakota State College. It was the President's first appearance on a campus after a long period of student unrest.

Sen. Mundt, besides teaching, was engaged in a loan and investment business with his father in Madison. During this period, he also got his first political job, being appointed to the state Fish and Game Commission. In 1938 he ran for the U.S. House of Representatives and was elected.

In those pre-World War II days, Sen. Mundt was a strict isolationist. During his second House term he was made a member of the Foreign Affairs Committee on which his votes and his comments were invariably against U.S. involvement. He voted against Lend-Lease, extension of the Reciprocal Trade Agreement, and, like most Republicans of that day, the extension of the Selective Service Act which passed by one vote.

With the entry of the United States into the war after Pearl Harbor, Sen. Mundt began recognizing the international responsibilities of the country and was active in getting legislation passed in 1944 in support of the United National Relief and Rehabilitation Administration and sponsored a resolution that committed the United States to membership in the United Nations Economic and Social Council, an organization whose activities in later years he sometimes criticized.

Sen. Mundt's first brush with the Communist world came in 1945 when he led a four-member subcommittee of the Foreign Affairs Committee to Moscow, Warsaw, Prague, and Belgrade, a group that returned highly critical of the Soviet Union. He already was a member of the special House Committee on Un-American Activities, then headed by Rep. Martin Dies (D-Tex.) and had led the successful move to make the committee a permanent one.

His domestic anti-Communist activities began in 1948 when with Nixon, a fellow member of the Un-American Activities Committee, he set out to curb American members of the party.

He and Nixon introduced a bill that, among other provisions, required the registration of members of the Communist Party, USA. It passed the House 319-58, but was delayed in the Senate and had not come out of committee there when Congress adjourned. Portions of the bill, but not the registration section, were incorporated in the Internal Security Act of 1950, passed over President Harry S. Truman's veto.

When Rep. J. Parnell Thoms (R-N.J.) ran into trouble over his involvement in dubious World War II contracts, then Rep. Mundt took over as acting chairman of HUAC. In the summer of 1948, the Committee began an investigation of so-called Communist infiltration into the federal government. It uncovered little such infiltration until the appearance of Whittaker Chambers, a former senior editor of Time magazine, who said he was a former Communist. Chambers confronted Alger Hiss, president of the Carnegie Foundation and former high State Department official, accusing him of passing secret information to the Soviets.

Chairman Mundt and other senior members of the Committee at first were loath to accept Chambers' testimony but Rep. Nixon persisted in pushing the case—the first of his "Six Crises" he later wrote about—and Hiss subsequently was convicted of perjury before the Committee.

In 1948, Sen. Harlan Bushfield, a Republican, who then represented South Dakota, decided not to run and Sen. Mundt easily won the Republican nomination and the subsequent election. He was re-elected for three succeeding terms, and on his departure from the Senate was the third ranking Republican in that body.

In the Senate, Mr. Mundt soon resumed his anti-Communist crusade as a member of the Permanent Investigating Subcommittee, chaired by Wisconsin's Senator McCarthy.

During the bizarre period of Sen. McCarthy's investigations, Sen. Mundt was largely in the chairman's shadow. But when the Army and the Eisenhower administration put their backs up in the matter of Pvt. Schine, Sen. Mundt found himself in the chairman's seat when Sen. McCarthy stepped down to become a prosecuting witness.

In his opposition to the McCarty censure resolution, Sen. Mundt said it would mean "every Communist at home and abroad will

put out all the stops in misrepresenting our action as being a retreat in the fight against communism." He was during this period the only senator to attend a mass meeting in Constitution Hall of people opposing censure.

Sen. Mundt did not retreat in his own personal fight. On the Foreign Relations Committee, he opposed the consular treaty with the U.S.S.R., sale of surplus grain to Communist countries, vigorously supported U.S. involvement in Vietnam and spoke out loudly and vigorously against any thawing of the cold war.

In 1968, his last full year in the Senate, Sen. Mundt got a 95 per cent rating from the Americans for Constitutional Action.

There was another side to Sen. Mundt, bred and developed in his home country of South Dakota. He was an enthusiastic hunter of game birds and a fisherman of the top grade (he was at one time national vice president of the Izaak Walton League) but a preservationist as well. He kept constant pressure on the Department of the Interior to get better protection of endangered species of wildlife and is credited with the actions that seem to have saved the whooping crane. In 1969, he was awarded the first gold medal of the World Wildlife Fund for his conservation efforts.

Sen. and Mrs. Mundt were married in 1927 and had no children. He was an only son as was his father. Two sisters predeceased him.

The senator's body will be at Lee's Funeral Home here through Sunday. It will be taken Monday to Madison for burial Tuesday.

[From the Washington Star, Aug. 17, 1974]  
KARL MUNDT DIES AT AGE 74, SERVED 34 YEARS  
IN CONGRESS

(By Richard Slusser)

Karl E. Mundt, 74, the conservative South Dakota Republican senator who was felled by a stroke during his fourth term and did not seek re-election in 1972, died yesterday in Georgetown University Hospital of chest congestion.

Mundt, who entered the hospital Monday, had suffered several strokes. After the first, in 1969, he was unable to return to the Hill, but remained in office while his wife, the former Mary E. Moses, insisted he would recover and even run for a fifth term.

After his illness, his staff ran the office here. Robert L. McCaughey, Mundt's administrative assistant for many years, watched over his interests in the Senate.

In 1970, there was some pressure in South Dakota for his resignation, but nothing came of it. In February of 1972, well before the state's filing deadline for candidates, Senate Republicans stripped him of his positions on three key committees.

He had been the ranking Republican on the Government Operations Committee and the second-ranking GOP member on the Foreign Relations and Appropriations committees. Before his 1948 election to the Senate, he served five terms in the House.

Mundt received high ratings for his votes on legislation favored by the National Association of Businessmen, the National Security Index of the American Security Council and Americans for Constitutional Action, and ratings of 50 and 55 percent in 1968 and 1969 by the National Farmers Union.

Mundt and former President Nixon—then members of the House—were co-authors of the Mundt-Nixon bill passed by the House in 1948. The bill became one of the five that made up the McCarran Internal Security Act of 1950.

In 1948 Mundt was acting chairman of the old House Un-American Activities Committee in the absence of Rep. J. Parnell Thomas, R-N.J., during hearings that brought out information of activities of Alger Hiss, who was eventually convicted on perjury charges.

Before World War II, Mundt was regarded as an isolationist, voting against extending

the Reciprocal Trade Agreement Act and against the Selective Service Act.

Among other votes, he opposed Lend-Lease in 1941 (but supported the war effort after the attack on Pearl Harbor), and opposed the \$4 million loan to Great Britain in 1946, but he supported the Truman Doctrine the following year. He also introduced the House resolution that called for U.S. membership in the United Nations Education, Scientific and Cultural Organization.

In 1954 Mundt served—reluctantly—as acting chairman of the Senate Investigating subcommittee that inquired into the feud between McCarthy, the committee chairman, and the Department of the Army.

The findings of Mundt's committee were handed to a special committee headed by Sen. Arthur V. Watkins, R-Utah. The Watkins committee's recommendations led to the Senate voting in 1954 to condemn McCarthy for failing to cooperate with a 1952 subcommittee investigating his personal finances and for abusing members of the Watkins committee, which had acted as a sort of grand jury in the censure action.

Mundt was one of 22 Republicans who voted against the Senate condemning McCarthy. Early in the investigations, Mundt said, "Joe (McCarthy) is one of the best friends I have in the Senate."

In 1962, Sen Mundt wrote of his first 25 years in Congress. He said the toughest assignment he ever received was the temporary chairmanship of the Army-McCarthy hearings. "Running that investigation and hearing on an impartial and objective basis meant that our committee couldn't please anyone. Emotions ran high, and so did prejudices. One day as many as 5,000 telegrams from across the nation hit my desk. Most of them were unhappy about something—either I was too hard on McCarthy or I was too pleasant to him. This experience made the tough spot of chairing the Hiss-Chambers episode seem easy by comparison."

But, he added, "I have found the public to be unfailingly fair once it is provided with the basic facts of an issue or problems."

Mundt was born in Humboldt, S.D., the son of a hardware merchant who later owned a real estate and insurance business in Madison, S.D.

After receiving a B.A. degree from Carleton College in Minnesota, he taught high school speech and social science for a year before beginning three years as school superintendent in Bryant, S.D. During that time he completed studies for an M.A. degree at Columbia University in 1927.

Mundt next moved to Madison, where he was speech department chairman and social science instructor at Gen. Beadle State Teachers College (now South Dakota State College). From 1936 until 1958 he was secretary-treasurer of the Mundt Loan & Investment Co. in Madison.

A former member of the South Dakota Fish and Game Commission, Mundt was a state president and national vice president of the Izaak Walton League. He was a 32nd degree Mason.

Highly regarded as an orator, he was a cofounder of the National Forensic League and its president for more than 30 years. He also edited the leagues magazine, "The Rostrum."

He is survived by his wife. They had no children.

#### THE ANNIVERSARY OF SOVIET OCCUPATION OF CZECHOSLOVAKIA

### HON. JOSEPH P. VIGORITO

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. VIGORITO. Mr. Speaker, today, the free world sadly commemorates the

6th anniversary of the Soviet-led invasion and occupation of the freedom-loving country of Czechoslovakia, a day which has been appropriately called the Soviet Day of Shame, August 21, 1968.

On that day 6 years ago, the Soviet Union violated the key principles of international law and rocked the very foundations of the United Nations Charter.

The continued Soviet occupation of Czechoslovakia even today is another violation against the right of a small country for self-determination and self-destiny.

That is why I join with the hundreds of thousands of Americans of Czech and Slovak descent and millions of freedom loving people throughout the world in supporting the people of Czechoslovakia in their effort to achieve the withdrawal of Soviet troops from Czechoslovakia.

#### BIBLE'S WISDOM

### HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MURTHA. Mr. Speaker, I have been privileged to know Joseph Pencek for a number of years. He is a man of quiet strength that has been a great help to many people and an outstanding credit to the Johnstown community.

The source of some of Mr. Pencek's strength was revealed in a recent newspaper item. I would like to present that article to the House since I believe it is something all the Members, and all readers of this RECORD, can benefit from:

#### BIBLE'S WISDOM

(By Joseph Pencek)

JOHNSTOWN.—Recently a friend of mine was talking about his father. He said that years ago, when he was a youngster his dad called him into the study and said that he had a gift to give him. It was on the occasion of his 16th birthday.

His father reached into his desk and gave him a Bible. His father told him that the Bible was the greatest book ever written. The Bible was handed down to each first son, and this particular Bible was indeed an old one.

My friend said, "Joe, I've treasured that Bible all my life, and next week, it will go to my son who will be 16 years old."

That Bible has sustained him in time of need, worry and sickness, my friend said. My friend told me that his father died recently at a ripe old age, but before he died he spoke of how life had been good to him and how proud he was of his children, of how they respected their elders and led a good Christian life.

Now this person is entering that stage in life which we often call the early twilight years. As we spoke, he mentioned that all of his children had a Bible given to them, for he had six children; but he kept the custom of the sixteenth birthday. He was indeed a proud father.

As I left him and continued on my way, I started thinking of what Huxley said. "The Bible has been the Magna Charta of the people, especially the poor and the oppressed. Down to modern times no state has had a constitution in which the interests of the people are so largely taken into account. The Bible is the most democratic book in the world."

Yes, it is true; when you think about it,

you marvel indeed at the wisdom of God. His wonders are right in front of you. And when you think about it further, you know that living and dying is part of a Divine Plan. And as one grows older and just a little bit wiser, one realizes that each of us is part of God's infinite wisdom. The Bible is a great source of Divine knowledge; it is indeed the greatest book of wisdom.

#### PENSION REFORM

### HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ROUSH. Mr. Speaker, every year one hears of thousands of employees who have lost pensions from businesses. Many of these people have given a great deal of time and effort to their companies. People lose their pensions for a variety of reasons. Businesses close and little money is left because of mismanaged pension funds or because of other reasons beyond employees' control.

Many have no pension because they have gone from one job to another. Job mobility has helped this along so that some people do not spend 25 years with one company and thus lose their pension for changing their jobs.

The 93d Congress has changed this and is today moving forward to accept the challenge of pension reform. After 3 years of vigilance, H.R. 2 has come before our Congress. I believe it goes a long way in correcting the present situation.

Some of the important provisions are as follows: First, no employer would be forced to offer a pension plan; however, if he did he would have to follow the Government prescribed standards. The bill would guarantee that each employee over the age of 24 with 1 year on the job be permitted to join.

Vesting is a guarantee that the worker has a right to his pension. There are three vesting options available to the employee. Full vesting at the end of 10 years service with no vesting until then. At least 25 percent vesting at the end of 5 years, increasing 5 percent in each of the next 5, and 10 percent in each of the next 5 years, so that an employee is fully vested in 15 years. At least 50 percent vesting when an employees' age and years of service reach 45 with 10 percent added in the next 5 years to full vesting. However, the conferees modified this to protect younger workers requiring that in no event would a worker who has been employed for more than 10 years be less than 50 percent vested and 100 percent vested after 15 years regardless of age.

The funding procedures would require the company to make annual minimum contributions to the funds. To cover the cost of pension plans in the past the companies would have 30 to 40 years depending on the time their plan went into effect.

If a company would go bankrupt or close, a special termination insurance system would go into effect to insure the pensioner of his money. Companies would pay premiums into this fund set at \$1 per participant in single employer

plans and 50 cents per participant in multiemployer plans.

If an employee changed his job the portability clause, which allows an employee to transfer his seniority and money accumulated from his first job to his second job, would be possible with the agreement of the present and former employer and the person involved.

Also, in the event of being self-employed and being under a Keogh plan this bill would raise the tax deductible amount of what an individual puts in his fund to 15 percent of his earned income not to exceed \$7,500.

Companies would be allowed to use for part of their tax deductions only pensions of 75,000 or 100 percent of pay in highest paying 3 years of employment whichever is lesser. It also permits individuals not covered by qualified or Government pension plans to take a deduction of up to 15 percent of their earned income or \$1,500 whichever is less.

Responsibility to administer these laws is set aside to different agencies. The termination insurance system is left to a new Pension Benefit Guaranty Corporation within the Department of Labor, while the other aspects are left to various segments of the Departments of Treasury and Labor.

#### THE SOVIET DAY OF SHAME

### HON. WILLIAM E. MINSHALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MINSHALL. Mr. Speaker, although August 21 is known as the Soviet Day of Shame, this day also brings to mind the spring of freedom for the Czechoslovakian people. In February of 1968, Alexander Dubcek was elected as the Communist Party Chief and immediately started introducing reforms. The Soviet Union which had controlled Czechoslovakia since 1948 felt threatened by Dubcek's liberalization program and his popularity. Consequently, on August 21, 1968, Russian troops with their tanks and machine guns marched into Czechoslovakia.

Dubcek was himself a socialist, but he realized that any government must respect the traditions of the country. The traditions of the Czechoslovaks are rooted in freedom. Therefore, the abolishment of literary and press censorship, the release of victims from the Stalinist terror trials, the lifting of travel and trade restrictions with the West, the allowance of labor strikes and the easing of religious restraints were welcomed enthusiastically by the people during the 7½ months of Dubcek's leadership and not easily relinquished when Russia displayed her military might.

Brief as the period was, it still renewed the fire of freedom that burns steadfastly in the hearts of the Czechoslovakian people. Their valiant effort to regain their human rights is an inspiration to us. However, the memory of

that day in August also brings an embarrassed recognition of the fact that the free world has yet to enforce the United Nations Charter.

In 1970, I gave my full support to House Resolution 718 condemning the Soviet Union's action. Today I renew my support for the people of Czechoslovakia in their efforts to expel the Soviet troops from their land.

#### DAYLIGHT SAVING TIME AMENDMENT

### HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, I could not due to illness be in the Chamber on Monday. However, I support H.R. 16102 to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 by exempting the four winter months of November through February from year-round daylight time. I introduced an identical bill, H.R. 16450 on Thursday, August 15.

Like most of my colleagues, I received a large volume of mail from my constituents last winter, mostly from concerned parents, complaining of the year-round daylight time Federal law and the inconvenience and dangers it posed during early morning hours of darkness. As a parent myself with school-age children who ordinarily walked to school, I shared and sympathized with the concerns of these troubled parents. Not only were the risks to schoolchildren apparent to me, but the early morning darkness also seemed to carry with it adverse psychological effects. Having to get out of bed and start the morning routine in what seemed like the middle of the night was difficult to adjust to. "Daylight drag" was almost as depleting as "jet lag" during these dark winter mornings. Nevertheless, like other patriotic Americans during the energy crisis, I was willing to bear my share of inconvenience and sacrifice, and I accordingly advised my constituents to give it a chance while we studied the actual fuel savings which might be derived from this system.

I was therefore relieved and heartened when our energy experts came to the Hill last week to recommend a modification in this 2-year experiment which began last January, namely that we return to standard time during the winter months of November through February. The testimony of two Federal Energy Administration officials was based on a Department of Transportation study of the daylight time experiment released on June 28 of this year.

It should be noted that the bill before us today would modify and not repeal the year-round daylight saving time experiment. I agree with our Federal energy experts that it is important to continue the experiment in modified form. While we are not now confronted with an energy crisis of the same magnitude as last win-

ter, we still have a serious energy problem, and our energy conservation efforts must continue. It is estimated that the daylight saving time experiment resulted in a 1 percent reduction in electrical consumption. That translates in a savings of about 14,500 barrels of oil a day, 106 million cubic feet of gas, 9,650 tons of coal, and 24,000 barrels equivalent of nuclear and hydro power. From a conservation standpoint, total savings amount to 100,000 barrels per day.

Even under the exemption of this bill, substantial energy savings will still be realized. April and March offer the potential of larger energy savings of electricity and will partially offset increases in gasoline consumption compared to the winter months. Retaining April and March under the daylight time system will provide a continuing working model of the energy saving potential of YRDST. As FEA's acting assistant administrator, Roger W. Sant, has testified:

We feel it is important to extend the experiment, for only by doing so, will we be able to thoroughly evaluate the impact of the year round DST in the overall energy picture.

I am pleased, Mr. Speaker, that there is a consensus of agreement on this compromise which will enable us to continue the experiment, realize continued energy savings, and at the same time, eliminate the most objectionable aspects of the experiment. I urge adoption of this bill.

#### VOTERS REGISTRATION

### HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HUNGATE. Mr. Speaker, Americans will soon have the opportunity to participate actively in the course of their country's future by going to the polls on election day. By voting for those individuals who truly uphold the public trust, the American people are able to keep the reins of government in their hands, just as the Founding Fathers had intended. Free elections are the trademark of popular government—a government where the people rule through their elected representatives.

However, in order to participate in November's elections, it is necessary that every eligible voter register. This is the first step in taking part in the democratic electoral process.

All voters should take care to learn the deadline for registration. The voter registration deadline in Missouri is October 9. I hope the citizens of our "show me" State will show all America that Missourians care about their government and have an active interest in its operation. I urge all Americans, especially those in Missouri, who have not registered, to do so now. We should all remind members of our family, our neighbors, and our friends to register by the deadline and vote on Tuesday, November 5. Whether Democrat, Republican, or Independent, whatever your political belief,

remember that the franchise is a hard-won right and if we are to keep it, we must use it.

IN SUPPORT OF H.R. 11242

### HON. ROBERT B. (BOB) MATHIAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MATHIAS of California. Mr. Speaker, in just 2 short years the Olympic Games will be held in Montreal, Canada. Many of us here in Congress have been cognizant of the fact that adequate steps must be taken to assure that the United States sends the best teams possible to these Olympic Games. Several ideas on how to best accomplish this are in various stages of the legislative process at this time.

I have had the great honor of representing my country twice in the Olympics, and I feel that I have some knowledge of what would be the best approach to take in accomplishing the task of selecting our best men and women for the games in Montreal. My bill, H.R. 11242, has wide support from practically all of the sports organizing bodies. The latest expression of support comes from the Central California Association of the Amateur Athletic Union. Their resolution, endorsing my bill, is included in the accompanying letter from Mr. S. B. "Si" Tyler, secretary-treasurer of the CCA-AAU:

AUGUST 14, 1974.

Hon. BOB MATHIAS,  
U.S. Congressman, Longworth House Office  
Building, Washington, D.C.

DEAR BOB: Last night, August 13, the regular quarterly meeting of the Central California Association of the Amateur Athletic Union was held, and was well attended by the Board of Managers, representing sixty-two clubs who sponsor most of the amateur sports under the Olympic movement.

These people serving on the Board of Managers represent more than one thousand adults who are volunteers giving of their time and talents to promote amateur sports here in the San Joaquin Valley.

During the meeting a lengthy discussion was held with reference to the legislation covering amateur sports now being considered by the Congress of the United States. It was brought out that some of the legislation being considered would put amateur sports under government control. Bob, we do not need this. What we need is a committee that understands and knows what the meaning of amateur competition is, and that this committee be given the power to act in the settlement of differences between organizations sponsoring amateur sports.

The Bill you are sponsoring, H.R. 11242, was discussed at length, and the Board unanimously passed the following resolution:

"Be it resolved that the Board of Managers and the people they represent, within the Central California Association of the Amateur Athletic Union, do endorse the Amateur Athletes Bill of Rights known as H.R. 11242, and ask the Judiciary Committee to act favorably on it."

Sincerely,

S. B. "Si" TYLER,  
Secretary-Treasurer.

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### JOHN EXTER TALK TO THE REPUBLICAN STEERING COMMITTEE

#### HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. SYMMS. Mr. Speaker, on June 19, 1974, the distinguished economist, John Exter, addressed a dinner meeting of the House and Senate Republican Steering Committees. Mr. Exter is a former director of the First City Bank in New York and a former Governor of the Federal Reserve Board. He is now a private consultant. For the benefit of my colleagues who are concerned about our monetary crisis, I will read into the RECORD the text of Mr. Exter's speech. Following is part two; part one appeared in yesterday's RECORD; part three will appear in tomorrow's RECORD:

JOHN EXTER TALK TO THE REPUBLICAN STEERING COMMITTEE

Let me tell you of others who have not awakened, for example, all those who hold deposits in banks, or savings banks, or savings and loans. Just to show you what foolish Peters they are, let us suppose they are earning 6% or 7% on those deposits—and many earn less, in fact, nothing on demand deposits—the rate of inflation is 11% or 12%, and they have to pay taxes on the interest income. So they are falling behind steadily, every single day. Almost any IOU you buy today causes you to fall behind and lose out in the race. In other words, we are all losing our incentive to work for money that depreciates day by day in the market place and whose rate of interest does not even compensate for its loss of value in the market place. The people who have so far awakened in the system are only a tiny fraction of 1%.

Now what do you do when you awaken? You get out of paper and go for gold, the supreme store-of-value commodity money. Just think how few people have gone for gold. I thought a lot of foreign central bankers would go for gold, particularly after Nixon closed the gold window and more particularly after the two-tier system was ended last November, so there was no longer an official tier. To my surprise only a couple of small central banks have gone for gold. The big ones, intimidated by one another and especially by the United States, have been sitting on their dollars and watching them fall, fall, fall in value against gold. Yet they have not bought gold.

As I have already said, the oil producers have not yet awakened. They continue to pile up dollars. But they are very reluctant Peters. They are putting their dollars for the most part into the Eurodollar market at call. I have just been to London and found that enormous amounts, billions of them, are in that market on 48 hours notice. In my view they are going to do otherwise before too long. They are going to wake up and start to buy gold.

How do we get out of this dilemma? We are living in a world in which in every currency there is a burden of debt that cannot be paid. It would not be so bad if all debtors had gone into debt at the same rate. But they have not.

In every currency there are liquid debtors and the most liquid debtors are those who hold only gold, and have no indebtedness. The least liquid are those who have borrowed short and lent or invested long. Take our savings and loans. Savings and loans are required by law to borrow short and lend long

at fixed interest rates, for the most part in mortgages. As short term interest rates rise, they become very vulnerable. But so do savings banks, and even commercial banks. There is an enormous amount of this borrowing short and lending long in the dollar. A particularly difficult problem is that an enormous number of people and firms and even governments have borrowed short and lent or invested long in foreign currencies across these floating exchange rates. In other words people have borrowed dollars by the billions and bought sterling, lira, yen, Deutschmarks, French francs, Swiss francs or what have you. So they now have dollar liabilities and foreign currency assets. To meet those liabilities they would have to sell foreign currencies for dollars in a foreign exchange market in which the rate for the foreign currency may not be floating, but sinking. These are just some of the illiquid debtors in the system.

We now have a sizable debt burden in all currencies, some part of which cannot possibly be paid out of rising production and productivity. Some part of this burden of debt must be liquidated before we can get back to any kind of monetary stability. But the central banks of the world do not want debt liquidation; it is too painful. So they go on creating more debt all the time. They themselves become the Peters from whom the illiquid debtors borrow to pay the Pauls. We have seen it recently. Franklin National Bank could not pay its debts so the Federal Reserve stepped in and lent heavily to it to keep its doors open. The Fed prevented debt liquidation from taking place. If it happened to another bank, especially a bigger one, the Fed would do it again.

Question. John could I interrupt and ask you one question. How can Chairman Burns say that he is talking about a tight money policy when he puts out a billion to the Franklin National Bank? Did that billion just come out of thin air?

NOTE. Another discussion with several people talking.

I was making the point that the Federal Reserve is locked into an expansionism it dares not stop. Arthur Burns dares not let these failures happen, so he is forced to go on expanding his own liabilities, his own IOUs, mostly by buying the IOUs of the government, and this keeps the whole system expanding at a more and more rapid rate. The expansion must accelerate all the time. So do not think the Fed can slow inflation down. It cannot. Inflation begins to have a life of its own. It must go on in order to avoid a collapse. All authorities get caught up in it, so all central banks of the world are now locked into this expansionism that they dare not stop. You may be sure they will keep it up as long as they can. Some of them will succeed. If they do, they will produce hyper-inflation in those currencies. In other words their IOU-nothings will ultimately become worth nothing as they say they are, "not worth a continental", and then all debt denominated in those currencies will become worth nothing, too. They then liquidate all debt in those currencies and start over again.

We have seen this happen. The first time in modern history was when John Law went to Paris just after Louis the XIV died. Our history books call it the Mississippi River Bubble. It happened in our own country with the continental dollar during and after the Revolutionary War. Then it happened again in France when the assignats became worthless at the beginning of the French Revolution. Twice within my lifetime I have seen the mark become worthless. All of us can remember when De Gaulle slashed two zeros off the French franc after he took office and I was in Brazil in 1967 just after they had slashed three zeros off the Brazilian cruzeiro.

A country either starts over again with a new currency or slashes zeros off the old.

I forecast many more hyperinflation in the years immediately to come. Of the major currencies I should say that the Japanese yen is furthest along that route.

Question. What kind of time frame are you talking about?

Answer. I am talking about, say, the next four or five years.

It is harder to produce hyperinflation in some currencies than in others, and it is hardest in any currency in which there has been a very large amount of borrowing short and lending and investing long, or borrowing short and investing in other currencies. The largest amount has been in the dollar. So it is going to be harder for Arthur Burns and the Fed to produce hyperinflation in the dollar than it will be for any other central bank. If you look at the problem internationally, as I do with my open economy model, the dollar has been sold short on an enormous scale. People in the market places of the world have borrowed tens and tens of billions of dollars and used those dollars to buy foreign currencies. They now sit with dollar liabilities on which the rate of interest is rising and foreign currency assets on which they probably have sizable paper profits. Once those paper profits are threatened and begin to erode as happened with the yen, they start to get out. In the case of the yen they left it and tried to get back into dollars to pay off their dollar liabilities. So the yen fell in foreign exchange markets.

I am going to make another forecast for you: the dollar is going to become very strong in this floating exchange rate world. Again, the time frame I have in mind is the next one, two, three years. The dollar will become the strongest of all paper currencies. I see other currencies weakening in a kind of domino fashion; the lira first (it has already weakened), the yen, sterling, the French franc, and so on. The next dominoes could be the Deutschmark, the Swiss franc, the guilder, the Belgian franc, and so on. I see the dollar becoming strong against every currency that I can think of, but not against gold.

This means the world is in a severe liquidity squeeze. Illiquid debtors are being squeezed in all currencies, but there are more in dollars than in any other, so the squeeze will be most severe in the dollar. I will forecast again that in the dollar this inflation may turn into deflation for a while. Arthur Burns and the Fed will not be able to keep all the illiquid debtors in dollars alive, so we will have widespread failures and defaults, in other words, deep debt liquidation of the 1929-'33 kind.

Now, I come to what you can do about it. You cannot do very much, I am sorry to say. The debt is there and we live in a world that requires debt to be paid. No one can come along and wave a magic wand and get rid of it without hurting creditors. They must get hurt. In other words it is the Peters who will get hurt in all of this. So you personally should not be a Peter. You, too, may get hurt.

The best overall approach for government would be to free the economy as much as possible. For example, let people hold gold. I particularly hope the Congress will act to let Americans hold gold before the Arabs and other oil producers start to buy it, before they wake up because, once they do, they have such enormous buying power, so many dollars, that they would drive the gold price up and we Americans, if the Congress is too slow, will not be able to get much of it.

Apart from that almost everything that I would suggest doing is simply politically impossible. For instance, you ought to tell Arthur Burns to stop creating money. This

would, of course, produce an enormous number of failures and defaults and unemployment but it would get the debt liquidation over quickly and save the dollar as a currency. In general, government and Fed intervention will simply prolong the agony and pain, and when I try to visualize the number of years of pain and agony ahead, it is hard to over-emphasize the enormity of the problem. I come to you to try to give you the problem as I see it. It is a bigger problem than most people think it is. There is no easy way out, no panacea.

We must live through it. I tell my children: I am old enough to have lived through World War I, the Great Depression, World War II, the Korean War, the Vietnam War. You must live through something, too. We shall live through it, but it will be tough for all those around the world caught up in the consequences of the breakdown of debtor-creditor relationships.

Question. What happened when the mark completely failed? What trials did they go through?

Answer. Well, they had a depression, a large amount of unemployment. Many factories closed or reduced output. Lots of people lost everything. All Peters lost everything, those who had deposits or bonds or government securities, or those who relied on pensions or insurance. They lost it all.

But then they started over again with a new currency. The whole system was completely liquid, no illiquid debtors, in fact, at first no debtors. After World War II the Germans had to start with a new currency. Of course we helped them with Marshall Aid and so on, but they then had a long period when they experienced very rapid economic growth and became very prosperous. I was in Frankfurt just a week ago yesterday, and Germany is booming and still has the lowest rate of inflation, about 7 or 8% of all major countries. It has such a low rate of inflation principally because many living Germans have gone through hyperinflation twice, so have a greater fear of it than others. They have tried harder than any other major people to stop or slow inflation. So far it has not hurt them economically. Their currency as you know has gone way up in value which has made it hard for their exporters in lots of ways, but they have been able to compete on quality and delivery time. They deliver on time and deliver the right stuff so they have been alright.

Question. Now what would happen if we owned gold and our citizens acquired a significant amount of gold?

Answer. Those citizens who acquire the gold protect themselves, provided, of course, the government does not someday take it away from them as Franklin Roosevelt did.

Question. Is it not a deflationary move, though, to let people buy gold?

Answer. No, it is not deflationary. If I buy gold from you, you get my dollars and I get your gold.

Question. No, but it soaked up capital.

Answer. No, it does not soak anything up. You have the dollars now. Before I had the dollars.

Of course, Secretary Simon has said that he might sell gold off which would be deflationary because the Fed would lose gold certificates as an asset, but I don't believe he would. I do not believe a word of it. I do not think any central bank or even the International Monetary Fund will sell gold to the free market in this environment. What do you sell it for? Paper?

Question. Well, John, my question is and I don't mean to stop you if you're not through there, but, Percy Greaves just told me last week, he's probably a friend of yours, he says if we give people gold ownership right now you run the risk of awakening them to the panic that's before us and causing bloodshed in the streets. What do you think about that?

Answer. I think that is a relatively minor problem. It will not make much difference because most Americans are not yet awakened, and gold ownership will not do it. The proof is this. The Treasury in December relaxed the gold coin regulations very significantly. Last week I bought Austrian coronas. They are brand new re-strikes and I bought them for only about an 8% premium over the bullion price. I paid \$166 for them and, if I remember correctly, bullion was \$156 on that day. If Americans had this great thirst for gold the premium over bullion would be way up. In other words, these re-strikes are already coming in fast enough to satisfy the demand. If you permit Americans to hold gold I can imagine a few more Americans will wake up. But not very many. It's not going to be like that tiger in the jungle. Americans are still drugged with Keynesianism and Friedmanism. They have been taught for years and years about the almighty dollar, that the dollar is as good as gold, that things are sound as a dollar and all the rest. Most people believe that, so I do not think you need have any significant concern. Ownership may give the gold market a temporary psychological shot in the arm, and that is all. It will not start a run on banks.

Question. If you look at those who have been buying gold, there is only a very small percentage able to buy any amount of gold. If most people are out of work for even two weeks they cannot even pay their rent. They don't even have a quarter.

Answer. This is another answer to the question.

Question. Now wait, let me object to one thing there. There is an argument that people can afford to buy gold. There are payroll deductions in savings accounts, and one of the biggest frauds going is this damn untruthfulness in the advertising of the federal government to be patriotic and buy savings bonds. You can buy those little two peso coins. What do they sell for? \$9.75? \$10? Any little guy that can afford to put aside \$10 a week can get into gold. So you're not shutting out a small saver. He is getting plundered as John said, putting his money into a savings account, a passbook account, or putting it into savings bonds, or what have you. That little guy, if he were like that patronizing ad that they have about those Crunch Cousins, like nincompoops, that little guy could do the same thing as Crunch Cousins.

Answer. A year ago we had an example, just a year ago April. The Japanese permitted their citizens to hold gold and ever since they have been selling gold, little gold bars in the department stores in Japan. Everybody bought. I would agree with Phil, little people can buy little amounts of gold. As a matter of fact a lot of the gold absorption in the world is by little people. The Indians for instance—who are poorer than the people of India?—have been absorbing enormous amounts of gold over the years. Right now they are discouraging it because India is really in deep trouble. But the French peasants, typically peasants everywhere, little guys will buy a little bit of gold, and that all adds up. Still, Americans are going to be very slow to wake up.

#### FEELINGS IN AMERICA'S HEARTLAND

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ROUSH. Mr. Speaker, I believe the feelings of the Nation are reflected in

the people of Ligonier, Ind., a city of 3,500 people, where I spent several hours this past weekend going from door to door and talking to people on the street.

There is certainly a change of attitude since President Ford assumed office, a feeling that perhaps now we can move ahead and solve some of the problems that have plagued us for so long.

The people expect, quite openly, better relations between the President and the Congress. At the same time, there is sort of a wait-and-see attitude.

I felt, as I talked to the people in Ligonier, that they truly understood that simply changing the man sitting as President would not automatically solve all of our problems.

The problems go deeper than just one individual, they are rooted in policies and directions that have shown themselves over and over again to be unworkable. I know, as they knew, that President Ford supported many of those policies in the past.

Yet the feeling I got from the people was a feeling of understanding. They understood that President Ford is no longer tied to the past, that he is no longer the spokesman for the Nixon administration, and that he is now free to chart a new course.

I feel the same way, and I am encouraged to see that attitude reflected in the people. To me, this means they know President Ford will have some tough times ahead of him, and they expect Congress to resist some of his proposals. But they also expect that any differences between the President and the Congress to be openly and honestly debated. This is the way our system was designed to work, and this is the way it should work.

The people in Ligonier seem ready to cast aside the suspicions of Watergate. They seem to have a new confidence in their Government and the men in it. They are still tired of paying high prices for food, and of watching their dollar shrink in value. We all are. But if the spirit I saw in the people of Ligonier last week is a reflection of the spirit of the American people, as I believe it is, I think we will all come out of this together.

#### LIBRARY OF CONGRESS

### HON. JOEL PRITCHARD

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. PRITCHARD. Mr. Speaker, it is my understanding that you have now received a petition, signed by a majority of the Members of the House, urging that the House take over the James Madison Library building. I want to go on record as strongly opposed to this piracy. The Madison Annex for the Library of Congress was authorized by this body to provide badly needed space and security for the Library's books and priceless collections. The Library of Congress now spends \$3 million annually renting extra space throughout Virginia and Maryland, and desperately needs to

bring its vast resources together so that they may be more profitably utilized by the Congress and the American public. The annex was proposed and is being built to fill this specific need.

If we as Members must have more space, then let us make more efficient use of the space we have, particularly the under-utilized Congressional Hotel building.

The Library of Congress is one of our greatest and most valuable national institutions. We all recognize that fact. So let us stop trying to sabotage it. The Madison Annex is needed by the Library of Congress, and we should be proud to have authorized its construction for that specific purpose.

#### DEBATE OF THE HOUSE JUDICIARY COMMITTEE

### HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. COHEN. Mr. Speaker, this country recently passed through what President Gerald Ford has termed "our long national nightmare." As so often in our history, however, adversity confirmed our national strength. Our institutions served us well. The greatness of our people never fell into doubt.

I believe that a poem by one of my constituents, Agnes Yarnall, of Northeast Harbor, Maine, eloquently captures the mixture of gravity and rebirth that characterized this Nation in the trying July days when the House Judiciary Committee reached its conclusions. Because I think my colleagues will be interested, I insert a copy of that poem in the RECORD at this point:

DEBATE OF THE HOUSE JUDICIARY COMMITTEE,  
JULY 1974

(By Agnes Yarnall)

The voices spoke in turn—State followed State,

Time did not matter, earlier or late  
They carried on their slow and grave debate.  
The Nation listening, heard each pro and con

For the amendments hard resolved upon.  
A mix of voices came across the air,  
Their accents cutting sharp upon the ear,  
So North and South and East and West came clear;

And came clear also through the crowd of words,

A ringing from the Past like silver swords—  
A flash of History saying "Follow me!  
I am your precious Past, your Destiny!  
I am the boy who fishes by the stream,  
I am the Forty-Niner with his dream,  
I am the Pioneer who held his land,  
And made it his with sweat and rugged hand;  
I am the South, the North, the East, the West!

The high blood of the earth, the country's best;

I am reborn as you are speaking here—  
By action hold me—lest I disappear!  
Those who conceived me, hammered out the sense

Of Freedom and its vast omnipotence—  
Now in the Nation's agony I stand  
A shield and buckler for her mighty hand—  
Freedom is with you—has been from the start—

Grapple me to you—hold me to your heart!"

#### LABOR DISTORTION OF CAMPAIGN REFORM VOTE

### HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, as one who has long advocated and worked for meaningful campaign finance reform legislation, I was shocked, annoyed, and insulted to read in the August 17, 1974, issue of the AFL-CIO News that I was supposedly a party to an effort to kill the Federal Election Campaign Act Amendments of 1974 (H.R. 16090) on August 8, 1974.

A front page story in that paper, under the headline, "Campaign Reform Bill Gets House Approval, states:

Before final passage, supporters of the measure beat back a move to kill it through recommitment, 243-164.

Page 6 of the same paper carries a banner headline, "House Vote on Campaign Reform Bill, below which is a State-by-State listing of all House Members with an R—right—or W—wrong—beside their names. Beside my own name is a W, and, if a reader jumped from the headline down to his Congressman, he would think he was probably reading how his Congressman voted on final passage of the bill.

The more discriminating reader might take the time to read the paragraphs just above the rollcall listing and learn that this was not the vote on final passage, but rather the vote on the recommitment motion. But even then he would be misled as to his Congressman's position on campaign reform, for the key paragraph reads as follows:

The key vote occurred on a motion to recommit the measure and thus kill it. This motion was defeated 243-164. On labor's scorecard, right votes (R) against recommitment were cast by 215 Democrats and 28 Republicans. Voting wrong were 10 Democrats and 154 Republicans.

What is the actual truth about this motion to recommit? The truth is that the motion was not a straight motion to recommit, which would indeed have had the effect of killing the bill. Instead, the motion offered by the gentleman from Alabama (Mr. DICKINSON), and found on page 27511 of the August 8, 1974 RECORD, was a motion to recommit the bill to the House Administration Committee "with instructions to report the same back to the House forthwith" with an amendment prohibiting political committees, other than political party organizations, from passing an undesignated individual contributions to a candidate or his committee.

And yet, neither the story nor the explanation of the printed rollcall makes mention of the fact that this was a motion to recommit with instructions and that, had it been adopted, the Dickinson amendment would have automatically been added to the bill and the House would then vote on final passage. It is little wonder that the AFL-CIO News would so distort this vote and mislead its membership since, the effect of the Dick-



inson amendment would have been to give the members of that union the right to designate which candidates they wanted their mandatory COPE contributions to go to.

In conclusion, Mr. Speaker, the AFL-CIO News has engaged in the most irresponsible and reckless form of journalism imaginable by so distorting the real significance of that motion to recommit. To claim that those who voted for the Dickinson motion were intent on killing the bill is an outright lie and smear on the reputation of every Member of this body who supported his amendment to the bill. I would hope that the News would print a retraction forthwith and explain to its readers what the recomittal vote was really all about.

#### THE SITUATION IN CYPRUS

### HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BROWN of Ohio. Mr. Speaker, the following is a letter I received from Ohio State Senator Harry Meshel, Youngstown, expressing concern on the part of the citizens of the State of Ohio over the existing situation in Cyprus.

The letter follows:

OHIO STATE,

Columbus, August 16, 1974.

HON. CLARENCE J. BROWN,  
U.S. House of Representatives,  
Washington, D.C.

DEAR CLARENCE: I cannot tell you how strongly I and many other citizens of the State of Ohio and the Nation feel about the situation currently existing in Cyprus.

I'm not certain as to the exact role that can be played by the Congress, but I urge you to impress upon the State Department that the American-Hellenic community of this country is appalled at the inadequacy of that Department's efforts in preventing Turkey from slaughtering innocent citizens, arrogant flouting of UN peace forces, using napalm against women and children and violating the agreement reached in 1960 concerning the governing of the Island of Cyprus.

It is true that the whole affair was set off by the military idiots in Athens, but it is obvious even to the least informed that Turkey merely used this as an opportunity to ruthlessly take over a part of the Greek Island. As we know, they now hold one-third of the land on which they want to house one-fifth of the entire population—that one-fifth being Turkish Cypriots.

The United States has practically admitted that they were in favor of creating another standoff situation similar to those at West-East Berlin, North-South Korea and North-South Vietnam by permitting the Turks to transgress the cease-fire agreement and prior to that not to intercede boldly to prevent Turkey from using sledgehammer force against gnat-like opposition.

A strong stand by the Ohio delegation will serve the best interests of NATO, the goals of Democracy, the stemming of Russian influence on that Island and the placing into the record America's strong opposition to the barbaric and arrogant actions of a country that has never fought on our side and in ma-

for wars, and one who just recently, after taking our millions, has discarded an agreement to desist from growing the opium poppy.

I urge with all my strength that the influence of your office do all it can to present and implement the attitude I have outlined in this letter.

Best personal regards,

HARRY MESHEL,  
State Senator.

#### SUPPORT FOR PRESIDENT FORD'S VICE PRESIDENTIAL CHOICE

### HON. H. JOHN HEINZ III

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 20, 1974

Mr. HEINZ. Mr. Speaker, President Gerald R. Ford's choice of Nelson A. Rockefeller for his Vice President is an excellent one and I heartily support his decision.

There can be no doubt that President Ford carefully and painstakingly considered numerous well-qualified candidates. Many Republican Members of Congress, myself among them, submitted lists naming several candidates for consideration. I am sure the final decision was difficult with so many fine men and women to choose from. By the same token, the lengthy list of those qualified and considered suggests a bright future for the Republican Party, and for the Nation likewise.

Mr. Rockefeller's nomination, of course, is subject to confirmation by the House and Senate and should be subject to the same careful scrutiny that was given to Gerry Ford. But it is clear that in naming Mr. Rockefeller, President Ford has decided upon a man with vast experience in and a nearly unrivalled commitment to public service. As Governor of New York State for 16 years Nelson Rockefeller was repeatedly called upon to make final decisions of public trust affecting millions of people in every walk of life. What could be a more appropriate or necessary background for the second highest office in the land?

There are far-reaching political virtues to the President's decision as well. Because Mr. Rockefeller has always had strong appeal to the broad political mainstream of America, President Ford's choice is further evidence of his intention to be a President of all the people. And in the likely event of his confirmation I would expect Vice President Rockefeller to be an unusually effective advocate—with Congress and the American people—of the Ford administration's domestic and foreign policy program. Such a team gives this Nation the manpower and the horsepower to lick our No. 1 problem: inflation.

I applaud President Ford's decision to nominate Nelson Rockefeller as the next Vice President of the United States.

#### THE 1975 BUDGET SCOREKEEPING REPORT NO. 6 AS OF AUGUST 16, 1974

### HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MAHON. Mr. Speaker, I offer for insertion in the RECORD excerpts from the "Budget Scorekeeping Report No. 6, as of August 16, 1974," as prepared by the staff of the Joint Committee on Reduction of Federal Expenditures. The report itself has been sent to all Members.

As we approach the scheduled Labor Day recess, it may be of interest to note—and perhaps analyze a little at this stage—the 1975 budget scorekeeping information contained in this summary report concerning the actions Congress has taken so far this session on the budget requests it has considered.

Action has been taken, at various stages, on 12 regular 1975 appropriation bills and 2 supplemental measures which affects budgeted 1975 outlays. On the basis of actions taken, it would appear that reductions in these appropriation bills are likely to total about \$5 billion in new budget authority which would result in outlay reductions amounting to approximately \$3 billion in the current fiscal year.

However, these substantial reductions in appropriation bills are largely offset by certain legislative increases in mandatory spending levels. Such legislation, including veterans benefit increases, food assistance programs, small business loans, et cetera, will probably increase budgeted 1975 outlays by about \$2.5 billion depending on the outcome of pending House and Senate action.

Although other actions may occur to alter these general estimates, it seems fair to say at this time that congressional actions this session will have negligible net effect on the budgeted 1975 outlay total. It would appear that reductions in appropriation bills may be expected to about offset increases in mandatory spending under legislative bills—in effect, a standoff.

In addition, it would appear that further net reduction of about \$400 million in budgeted 1975 outlays will result from failure on the part of Congress to act on various legislative proposals contemplated in the budget—including both proposals to reduce outlays and proposals for new or expanded programs.

The latest official 1975 budget outlay estimate of \$305.4 billion may properly be adjusted to include the subsequent \$900 million defense budget amendment, and we can certainly clearly anticipate additional costs due to inflation, increased interest costs, and other uncontrollable factors.

Excerpts from the August 16 budget scorekeeping report follow:

#### SCOREKEEPING HIGHLIGHTS FISCAL YEAR 1975—OUTLAYS

The impact of congressional action through August 16 on the President's fiscal

year 1975 budget outlay requests, as shown in this report, may be summarized as follows:

	[In millions]		
	House	Senate	Enacted
1975 budget outlay estimate as revised and amended to date.....	\$306,312	\$306,312	\$306,312
Congressional changes to date (committee action included):			
Appropriation bills:			
Completed action.....	-616	+126	-345
Pending action.....	-2,324	-2,850	
Legislative bills:			
Completed action.....	+985	+2,054	+1,411
Pending action.....	+493	+1,581	
Total changes:			
Completed action.....	+369	+2,180	+1,066
Pending action.....	-1,831	-1,269	
Total.....	-1,461	+910	+1,066
Deduct: Portion of congressional action included in May 30 revisions.....	+311	+311	+311
1975 budget outlays as adjusted by congressional action to date.....	304,540	306,911	307,067

Completed actions: A summary of major individual actions composing the \$1,066 million total outlay impact of completed congressional action to date on budgeted 1975 outlays follows:

COMPLETED ACTION OF BUDGETED OUTLAYS (EXPENDITURES)	
<i>Bills (including committee action)—Congressional changes in 1975 budgeted outlays (thousands)</i>	
1974 supplemental bills (1975 outlay impact):	
Second Supplemental.....	-\$215,000
Further Urgent Supplemental.....	-30
1975 regular bills:	
Agriculture, Environmental and Consumer Protection.....	+130,000
Public Works and Atomic Energy.....	+30,000
Special Energy Research and Development.....	+20,000
Interior and related agencies.....	+9,000
Legislative Branch.....	-11,000
District of Columbia.....	-23,000
Treasury, Postal Service and General Government.....	-65,000
Transportation and related agencies.....	-220,000
Legislative bills:	
Veterans educational benefits—extend delimiting period.....	+618,000
Small business direct loans.....	+360,000
Child nutrition and school lunch.....	+200,000
Civil Service minimum retirement.....	+157,000
Veterans disability benefits increase.....	+134,800
Food assistance and special milk programs.....	+75,000
Postponement of postal rate increases.....	+45,200
Donated commodities, older Americans.....	+5,500
Civil Service survivor benefits.....	+4,600
Civil Service—early retirement, hazardous occupations.....	+3,400
Congressional Record, reduced postage fees.....	-8,486
Military flight pay incentive.....	-16,700
Rejection of salary increases for federal executives.....	-34,000
Unemployment benefits extension (trust fund).....	-133,000

Total, 1975 outlay impact of completed congressional action..... +1,066,284  
<sup>1</sup> Vetoed. Further Congressional action pending.

Pending actions: The major pending legislative actions affecting 1975 budget outlays which have passed or are pending in one or both Houses of Congress are shown in detail on Table 1, and are summarized below.

MAJOR PENDING ACTIONS ON BUDGETED OUTLAYS (EXPENDITURES)		
	Congressional changes in budgeted 1975 outlays (in thousands)	
Bills (including committee action)	House	Senate
<i>Appropriation bills:</i>		
HUD, Space, Science, Veterans, State, Justice, Commerce, the Judiciary.....	-30,000	-150,000
Labor, Health, Education, and Welfare.....	-315,000	
Defense.....	-1,900,000	-2,700,000
<i>Legislative bills (backdoor and mandatory):</i>		
Veterans educational benefits.....	+195,500	+977,500
Emergency energy unemployment.....	Rejected	+500,000
Civil Service survivor annuity modification.....	+202,000	( <sup>1</sup> )
Rail passenger improvement programs.....		+61,950
Public safety officers death gratuity.....	+43,700	( <sup>1</sup> )

<sup>1</sup> Action taken last session.

FISCAL YEAR 1975—BUDGET AUTHORITY  
 The impact of congressional action through August 16 on the President's fiscal year 1975 requests for new budget authority, as shown in this report, may be summarized as follows:

	[In millions]		
	House	Senate	Enacted
1975 budget authority requests as revised and amended to date.....	\$325,749	\$325,749	\$325,749
Congressional changes to date (committee action included):			
Appropriation bills:			
Completed action.....	-316	-14	-172
Pending action.....	-4,317	-5,718	
Legislative bills:			
Completed action.....	+2,718	+3,288	+2,662
Pending action.....	+438	+3,581	
Total changes:			
Completed action.....	+2,402	+3,274	+2,490
Pending action.....	-3,879	-2,137	
Total.....	-1,477	+1,137	+2,490
Deduct: Portion of congressional action included in May 30 revisions.....	+311	+311	+311
1975 budget authority as adjusted by congressional action to date.....	323,961	326,575	327,928

Completed actions: A summary of major individual actions composing the \$2,490 million total impact of completed congressional action to date on 1975 budget authority requests follows:

COMPLETED ACTION ON BUDGET AUTHORITY REQUESTS	
<i>Bills (including committee action), congressional changes in 1975 budget authority requests (in thousands)</i>	
Appropriation bills:	
Agriculture, Environmental and Consumer Protection.....	+138,532
Special Energy Research and Development.....	+32,361
Interior and related agencies.....	+15,158

Legislative Branch.....	-14,197
Public Works and Atomic Energy.....	-21,354
District of Columbia.....	-26,600
Treasury, Postal Service and General Government.....	-57,027
Transportation and related agencies.....	-239,355
Legislative bills:	
Housing and Community Development Act.....	+965,000
Veterans educational benefits—extend delimiting period.....	+618,000
Small business direct loans.....	+360,000
Child nutrition and school lunch.....	+200,000
Civil Service minimum retirement.....	+172,000
Veterans disability benefits increase.....	+134,800
Private pension protection.....	+100,000
Food assistance and special milk programs.....	+75,000
Postponement of postal rate increases.....	+45,200
Civil Service—early retirement, hazardous occupations.....	+41,100
Donated commodity program for older Americans.....	+5,500
Civil Service survivor benefits.....	+4,600
Congressional Record—reduce postage fees.....	-8,486
Military flight pay incentive.....	-16,700
Rejection of salary increases for federal executives.....	-34,000

Total, 1975 budget authority impact of congressional action..... +2,489,532

<sup>1</sup> Vetoed. Further congressional action pending.

Pending actions: The major pending legislative actions affecting 1975 budget authority which have passed or are pending in one or both Houses of Congress are shown in detail on Table 1, and are summarized below.

MAJOR PENDING ACTIONS ON BUDGET AUTHORITY REQUESTS		
	Congressional changes in 1975 budget authority requests (in thousands)	
Bills (including committee action)	House	Senate
<i>Appropriation bills:</i>		
HUD, Space, Science, Veterans, State, Justice, Commerce, the Judiciary.....	-41,519	-226,095
Labor, Health, Education and Welfare.....	-106,456	
Defense.....	-4,068,927	-5,491,739
<i>Legislative bills (backdoor and mandatory):</i>		
Federal Home Loan Bank System—temporary increase in standby borrowing authority.....		+2,000,000
Veterans educational benefits.....	+195,500	+977,500
Emergency energy unemployment.....	Rejected	+500,000
Civil Service survivor annuity modification.....	+362,000	( <sup>1</sup> )
Public safety officers death gratuity.....	+43,700	( <sup>1</sup> )
Hopi and Navajo Tribes relocation.....	-28,800	
Federal mass transit grants.....	-197,000	
Rail passenger improvement programs.....		+61,950
Economic adjustment assistance.....	-50,000	

<sup>1</sup> Action taken last session.

THE 1975 BUDGET REQUESTS—SUMMARIES AND ANALYSIS  
 The 1975 budget requests—as revised and amended

The fiscal year 1975 budget estimates as transmitted by the President on February 4

were officially revised in the Mid-session Budget Review of May 30 to reflect budget authority of \$324.5 billion, outlays of \$305.4 billion, and revenue totaling \$294.0 billion with a unified budget deficit estimated at \$11.4 billion.

Subsequently, two major budget amendments have been transmitted which were not contemplated in the revised estimates. Although the mid-session review totals have not as yet been officially revised, these changes have the effect of increasing the 1975 estimates by: \$1,047 million in budget authority and \$873 million in outlays for Defense; and \$200 million in budget authority for housing programs.

It should be noted that the Administration has indicated determination to cut projected 1975 outlays "toward a goal of \$300 billion," but that "a variety of forces threaten to push spending even higher than the current \$305 billion estimate."

The following summary shows the current 1975 budget estimates, as officially revised and amended to date, and compares them to the February 4 estimates in the 1975 Budget Message:

[In billions]				
	Fiscal year 1975			Change
	Feb. 4 estimates	Estimate as revised May 30	As further amended to date	
Unified budget receipts.....	\$295.0	\$294.0	\$294.0	-\$1.0
Unified budget outlays.....	304.4	305.4	306.3	+1.9
Deficit.....	-9.4	-11.4	-12.3	+2.9

The revised estimates for fiscal year 1975 are broken down below to reflect the federal funds and trust funds portions of the unified federal budget.

[In billions]				
	Budget authority	Outlays	Re-receipts	Deficit or surplus
	Fiscal year 1975 (revised and amended to date):			
Federal funds.....	\$231.9	\$222.2	\$201.4	-\$20.8
Trust funds.....	118.0	108.3	116.8	8.5
Adjustment for intra-governmental transactions.....	-24.2	-24.2	-24.2	.....
Unified budget.....	325.7	306.3	294.0	-12.3

The 1975 Budget Revisions: The budget revisions of May 30, together with subsequent amendments which have the effect of increasing the 1975 recommendations, reflect a number of significant internal adjustments to the original February 4 budget estimates. The following summarizes the change between the February 4 and the current 1975 outlay estimates:

(In billions)	
1975 Budget outlay estimate of February 4, 1974.....	\$304.4
Revisions reflected in Mid-session Budget Review of May 30:	
Administration program changes:	
Unemployment benefits extension.....	+ .8
Veterans disability benefits.....	+ .4
Foreign military and economic assistance.....	+ .3
Unified transportation assistance.....	+ .3
Reestimates:	
Interest on the debt.....	+1.0
Unemployment trust fund.....	+ .8
Housing programs.....	+ .5
Food stamp and school lunch programs.....	+ .3
Offshore oil leases (increase in offsetting receipts).....	-3.0
Farmers Home Administration (sale of assets).....	- .8
Other (net).....	+1.1

Portion of congressional action included in May 30 revisions..... +.3

1975 budget outlay estimate of May 30..... 305.4

Subsequent budget amendment not contemplated in May 30 budget revisions, which has the effect of increasing 1975 outlays:

Defense (increased fuel and pay costs)..... +.9

1975 budget outlay estimate as revised and amended to date..... 306.3

## THE REAL OIL SCANDAL

### HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ARCHER. Mr. Speaker, recent months have seen continuing criticism of our Nation's oil and gas industry for the increase in profits that they have realized during the last year. The American public should hear both sides of this question. In the attached article which appeared in the May 9, 1974, edition of the Harvard Crimson, Mr. Pete Ferrara places the issue of the oil industry's profits in the proper perspective. I certainly commend this article to my colleagues and the American public:

#### THE REAL OIL SCANDAL

An old adage goes, there are three types of liars—liars, damned liars, and statistics. The energy crisis has had more than its share of all three.

In the past two weeks, the profits for the first quarter of 1974 for the largest U.S. oil companies have been widely reported as showing great gains for the oil companies. Texaco's profits were up 123 per cent. Standard Oil of Indiana's profits were up 81 per cent, and Exxon's profits were up 38 per cent. But what do these statistics mean?

In a completely socialized economy, if a shortage developed in some commodity, the central planners would want to allocate extra resources to the commodity's production. But how much should they allocate and from what other industries should they allocate it? The planners would have no way of knowing.

But in a free market economy, the proper reallocations are made automatically. When a commodity is in short supply, its price rises, increasing profits for the producers. This gives them both the money and incentive to increase production.

In actual practice this has been the case for the oil companies. When the oil shortage made Exxon's profits rise 60 per cent in 1973 to \$2.4 billion, the company increased 1974 investment in the search for oil 73 per cent, to \$6.1 billion. Gulf's profits were up 79 per cent in 1973, to \$800 million, but Gulf has increased its 1974 capital investment to \$2 billion. Atlantic Richfield, making \$270 million last year, plans to double its capital investment in 1974 to \$1.1 billion. The same is true for all oil companies, large and small. The oil companies are reinvesting all of their higher profits, and even more.

But there is another reallocating mechanism in the market. Producers of other commodities, seeing the rising prices of the shortage commodity, try to switch into production of it as much as possible.

Again, in the oil industry, this has been the case. The New York Times reports that even very small operators are entering the industry. "The price of new oil is bringing

about development like I've never seen before," said H. L. Sonny Brown in a Times article on March 10. Brown is an independent oilman who has just begun putting up his own rigs in Texas. "In 19 years I've never seen this area like it has been the past few months. Everybody wants to do things."

"The oil business looks more attractive to me than it has in the past 15 years," said Don E. Weber of Midlands, Texas, also in a Times interview. "The rewards are now commensurate with the risks." Weber has just gone into the oil business in partnership with a geologist.

"Where we are now I thought we wouldn't be for two or three years," said Jeff E. Montgomery, chairman of Kirby Industries. "We're packing all the capital we can into exploration and production." Kirby Industries once owned a few oil wells in the '60s but then moved into the prefabrication of steel buildings.

"In those days," Montgomery said, "we weren't making money finding oil. You couldn't make a reasonable rate of return. We set out to get in some other business." But now Kirby Industries is back in oil.

The extra production from increased investment by old and new producers would eliminate the shortage. The oil companies plan to add 2.1 million barrels a day to production in the next four years. This extra production will also drive down prices until profits are back to normal. Thus, higher oil profits mean merely that the market is doing what government allocators would want to do themselves, if only they knew how. The free market reallocating mechanism is far superior to any reallocating mechanism in planned economics.

In this process the temporarily high profits a company makes during the shortage are its payment for switching resources to their most important uses and for providing a commodity when it is most needed—during the shortage.

These reallocations are the proper ones because they are determined by consumer choices. The more important a commodity is to consumers, the higher they will bid up its price and the profits of its producers during a shortage. But the higher prices and profits are, the more old and new producers will shift resources into production of that commodity.

But why would anyone be allowed to make profits at the expense of others? Someone who produces a product creates a value. He has combined various inputs and created a more valuable output. The extra value is his because he created it and his profit is payment for this value. His profit does not mean he is appropriating a bigger share of available wealth, it means he is increasing total wealth and his profit is the amount he increased it by. He doesn't make this profit at the expense of others, he creates the value of the profit by producing the product.

So even if oil profits were high, that would not reveal a scandal. It would simply reveal the rational, just, efficient, workings of the market.

But the truth is that oil profits have not been high. If a company's returns rose 100 per cent, that would not say whether the company was making exorbitant profits or not. If a company made 1 or 2 per cent profit and its profit rose 100 or 200 per cent, the company would still be doing poorly. But this is precisely how oil profits have been reported, as the increase in profits.

The actual figures show that oil companies have not made high profits. Although profits rose 55 per cent in 1973, the return on invested capital for the oil industry was 11.2 per cent, the same as 10 years ago. The FTC reports that oil profits in 1973 were 15.6 per cent compared to 14.8 per cent for all other manufacturing. More than a third of the nation's industries had higher returns. Actually, oil profits had been lower than the average for other manufacturing industries in eight out of the last ten years.

And these profit figures are heavily influenced by returns on older, already discovered oil wells. Returns on new investments have been lower. In 1972, the Department of Interior estimated that the discounted cash flow rate of return on oil exploration and development expenditures was 3.2 to 6.6 per cent. This means that secure investments like bonds or long term savings certificates have been more profitable than petroleum exploration and development investments.

Furthermore, in the past year, 85 per cent of the increase in oil profits has come from oil produced and sold outside the U.S. Twenty-five per cent of the total gain was due to the devaluation of the dollar. Because of these overseas profits, in the past five years oil companies have invested two dollars looking for oil in the U.S. for every dollar of domestic profit.

Also, much of these profits has gone to the federal government for drilling rights. In 1972, the oil industry made \$6.5 billion in profits. Yet in the following year, the industry paid \$6.9 billion to the government for offshore drilling rights.

So the recent rise in oil profits was really a return to normal levels. But even if oil profits continue to rise, the market will correct itself. Even the profit rise to normal levels has caused great increases in investment, as we have already seen. Any further increase will cause even more, so the resulting extra production will eventually bring profits back to normal levels. In the meantime, the shortage will have been ended and nobody makes any money they haven't earned.

Anyone who thinks there isn't enough oil to be found to increase production ought to research the estimates of oil available from Alaska, off-shore fields, tar sands, shale, coal, and old oil wells. The oil can be found if there is an incentive to find it.

It therefore seems that the notion that oil companies are making outrageous profits is the result of twisted statistics. Even if profits were high that would not reveal anything scandalous or immoral. It seems that the only scandal oil profits reveal is the way they have been grossly misrepresented. The only real scandal is the great number of public figures who are willing to bend the truth to support their ideological contentions.

#### THE LABOR DAY RECESS

### HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. LENT. Mr. Speaker, while I realize that after the events of the past few weeks many of my colleagues would like to go home and "press the flesh," I have serious reservations about whether now is the time to take an almost 3-week recess from our legislative duties.

Of course, I am pleased that such important issues as pension reform and the reestablishment of the Cost of Living Council and standard time have been cleared up before the scheduled beginning of the recess; but many other matters of extreme importance to the American people have yet to be resolved, and I doubt seriously if many of them will be before the adjournment of the 93d Congress. In particular, I refer to the mandatory fuel allocation program, anti-inflation measures, and tax reform.

Nearly all of us are eager to go home to determine the effect of the "Water-gate affair" on our chances this November. But if that entire affair proved one thing to me it was that confidence in our entire federal system is lacking. We can only restore that confidence by working diligently to pass legislation benefiting the American people, and we can only do that by remaining in Washington the bulk of the time between August 22 and September 11.

#### FAVORABLE PRESS REACTION TO PRESIDENT FORD

### HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. SHRIVER. Mr. Speaker, the Nation has now experienced more than a week under the administration of our new President, Gerald Ford. It is obvious that people are generally pleased with the smooth transition and the openness of President Ford in facing up to the difficult problems which confront us. Reaction has been favorable from the Nation's media, and I have noted that he is enjoying a good response from a number of the Kansas newspapers in the Kansas Fourth Congressional District.

Under the leave to extend my remarks in the Record, I include editorial comments from the Wichita, Kans., Eagle; the Newton Kansan; the Halstead Independent; and the Peabody Gazette-Herald. The editorials follow:

[From the Wichita Eagle]

#### THE FORD MESSAGE

The importance of President Ford's message to the assembled members of the Senate and House of Representatives Monday night was notable not so much for what he said but how he said it.

The new President, addressing the legislative body of which he had been a member for 25 years, was intentionally broad in sketching his plans for conquering inflation and other national problems. Details will come later, he assured the Congress, which he called "my working partner as well as my most constructive critic."

And he drew cheers when he declared "My motto towards the Congress is communication, conciliation, compromise and cooperation."

"I don't want a honeymoon; I want a good marriage."

Ford's message, in which he called for bipartisan restraint in government spending as a means of controlling inflation, reflected the homespun approach taken by the new president in his dealings with a Nixon-shocked Washington.

He used plain language to make his points, which were no more concrete than those laid down by Nixon when he spoke on the economy some three weeks ago in Los Angeles.

Ford proposed to balance the federal budget, cut government spending, reactivate the Cost of Living Council to monitor wages and prices and convene an economic summit meeting with the President himself presiding.

It was not exactly a spine-tingling set of proposals.

Still, for all its lack of novelty and substance, Ford's first appearance before a joint session of Congress was obviously heart-

warming, both for the audience and for the speaker.

All down the aisle, entering and leaving the House chamber, the President paused to shake hands. He and House Speaker Carl Albert swapped congressional jokes. Old friends could be heard calling the new president "Jerry."

Although Ford could never earn a living as a stand-up comedian, he managed to get five audible laughs out of his speech. The first one was when he made the remark about no honeymoon, just a good marriage.

And the speech may be remembered as much for that line as any one.

[From The Newton Kansan]

#### FORD BEGINS WELL

President Gerald Ford got off to a good start with Congress Monday night when he told them in an address before a joint session of the house and senate that he would go more than half way to achieve compromises.

He also suggested that Congress go more than half way in a similar effort to solve some of the ills that beset the country.

The President can expect such cooperation during the initial months of his administration. Congress and the President traditionally engage in a honeymoon at the beginning of a presidency, but sooner or later differences creep in and the honeymoon is over.

Mr. Ford told congressmen he wants more than a honeymoon with them—he wants a lasting marriage.

Politics being what they are, this is a pretty big order, especially when the President and the majority in Congress are of different political parties.

No one expects all of the troubles facing the country to be settled during the traditional honeymoon period. That's especially true of inflation and other economic ills.

But if Congress and the President can bury the hatchet long enough to halt inflation the country will be greatly indebted to them.

However, it must be pointed out that the government can't do anything without the cooperation of the people. Maybe Mr. Ford should call on the people to go along on the presidential-congressional honeymoon.

[From the Halstead Independent]

#### A TIME OF HOPE; A TIME OF REGRET

(By Bob Mills)

It seems longer than just a week since the dramatic changes occurred in Washington that involved the resignation of one President and the swearing in of another. After two years of the seemingly endless tunnel of Watergate, the denouement when it finally came, seemed too swift to believe.

Now we have a new President and regardless of the different feelings held by the people of the Nation about the guilt or innocence of President Nixon, there is a collective sigh of relief that the long mess is over. President Ford seems to have a strong hand on the tiller and the country did not collapse.

Many of the professional Nixon-haters who have devoted their lives to the bringing down of Richard Nixon probably are at a loss about what to do with themselves. Some of them want to pursue the former president into the criminal courts. To them enough is not enough. They want Nixon behind bars.

It is interesting to speculate on their reaction to Nixon's downfall. Did they celebrate with a party like the men did in "The Caine Mutiny" after Lt. Maryk was found not guilty of the mutinous charges against him?

If they did, it should be explained to them, as Lt. Greenwald, drunk as he was after his courtroom victory, explained to the celebrating men of the *Caine* that their celebration was inappropriate.

Capt. Queeg, Greenwald said, was a man who asked in his own way for help from his officers. The officers, instead of help, opposed and worked finally to destroy him. Queeg had serious faults, but he put the good of the Navy and the country ahead of personal feelings.

The same might be said of Richard Nixon.

[From the Peabody Gazette-Herald]  
THERE'S A FORD IN YOUR PRESENT  
(By Bill Krause)

Last week, Americans experienced one of the truly dramatic moments in American history, a first and, we all hope, a last. The departure of President Nixon under a cloud of corruption is a moment of sadness and tragedy, even for those who do not realize the trauma involved, and who chose to cheer the departure of a man they dislike.

If Nixon had been all bad, with no redeeming qualities, it would have been easy; but he was not basically an evil man. He did some spectacularly good things for the nation, but had some fatal flaws that made it inevitable that he would get into trouble and be removed, it seems.

There is now the question of further prosecution of the ex-President, and one cannot help but believe that being embarrassed, reviled, held up to public spectacle and being forced to quit the position of President in disgrace is a very great punishment—particularly for Nixon. The jacks that would now persecute as well as prosecute him, demonstrate a vengeful nature that goes far beyond the demands of society, the needs of the nation, or the requirements of crime and punishment.

A former Mayor of Boston once ran the city from a jail cell for a while, after being convicted of a crime while in office. One cannot but feel that Richard Nixon might have preferred to keep the Presidency and go to jail. One fails to see what could possibly be gained by further punishment. He has lost most his fortune to the IRS. He has been disgraced. He has lost the office which he spent much of his life attaining. Does he deserve to be placed in stocks or horse-whipped as well?

One wonders if the country deserves to see one of its leaders so disgraced.

But now the mantle falls on President Ford, a man who proves that a poor lad from modest circumstances can be President of the U.S. One cannot expect too much in the way of spectacular legislation or programs from a plugger like Ford. One can expect a period in which Congress and the President can get together and work for the nation for a change.

Ford wisely—almost necessarily—kept Henry Kissinger on to handle foreign affairs. In domestic matters, his close and recent association of Congress should allow the new administration to act—wisely, we would hope—in areas of inflation, energy, etc.

The nation will survive, but things will never be quite the same again.

**INCREASED PENALTIES FOR PERSONS CONVICTED OF FELONY WITH OR WHILE UNLAWFULLY CARRYING A FIREARM**

**HON. WILLIAM H. HUDNUT III**  
OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HUDNUT. Mr. Speaker, I have always felt that the solution to the problem of crime is not to pass restrictive Federal laws calling for outlawing or registering privately owned firearms.

Rather, I believe the solution lies in the effective enforcement of present laws and vigorous handling of criminal cases by the courts. Moreover, laws should be passed that automatically imprison persons who commit crimes with firearms.

Today I am introducing a bill to increase the penalties for persons convicted of committing a felony with or while unlawfully carrying a firearm to not less than 2 years nor more than 25 years imprisonment for first offenders, and life imprisonment for subsequent offenders. A similar bill was introduced earlier in this session by my colleague, the distinguished gentleman from Illinois (Mr. CRANE).

In my view, once the criminals of America are taught that to use a gun in crime is to assure them, upon capture and conviction, of a long jail term with no hope of parole, then the crime rate will be reduced in this country. Therefore, I hope the Committee on the Judiciary will take action to increase the penalty for criminal use of firearms, but will not do anything to restrict ownership or use of firearms by law abiding citizens.

**LECTURE OF AMBASSADOR JAMES C. H. SHEN AT INSTITUTE ON COMPARATIVE POLITICAL AND ECONOMIC SYSTEMS, GEORGETOWN UNIVERSITY**

**HON. EDWARD J. DERWINSKI**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. DERWINSKI. Mr. Speaker, most Members are familiar with the unique Institute on Comparative Political and Economic Systems at Georgetown University. Over the past 5 years we have had the valued pleasure of interning its select students drawn from some 87 different colleges and universities across the country. Sponsored by the Charles Edison memorial youth fund and under the directorship of Dr. Lev E. Dobriansky of Georgetown University, the institute consists of a tripartite program, one of which is a thought-provoking lecture series covering all areas of the globe. In the recent series the lecture by Ambassador James C. H. Shen of the Republic of China was most outstanding. I wish to bring to the attention of my colleagues the essential parts of this lecture, which read as follows:

LECTURE BY MR. JAMES C. H. SHEN

First of all, I wish to express my appreciation of this opportunity to speak before your Institute this evening. It gives me great pleasure to address a group of select student leaders from many colleges and universities.

When the name "Free China" is mentioned, it is implied, I presume, that a part of China, the generic China, is not free. Indeed, China at present is a "divided country"; and this dichotomous situation has created numerous problems and tremendous difficulties not only for the legal government, the Government of the Republic of China now with its seat of administration in Taiwan, and the freedom-loving Chinese people in as well as outside China, but also for the neighboring countries and the Free World and its leader, the United States. As a

matter of fact, what is transpiring in China today is really a phase of world affairs, for the destructive forces which have torn China apart and brought turmoil to the mainland portion of it are bound to have more insidious effects on other parts of the world. If the Chinese Communist regime is allowed to carry out its sinister policies of world revolution by violence and protracted wars, the damage to the cause of freedom in East Asia will be specially great.

Among the factors contributing to the importance of China are geographical location, cultural connections and the presence of a large number of ethnic Chinese in other Asian countries. In China we find not only a big geographical area—a heartland called by some geographers—and an enormous population but also the cradle of an ancient civilization, which is distinctly Chinese and quite different from the other cultures of the world. The main features of what is called Oriental civilization were born and matured in China. Korea, Japan, Vietnam and Singapore have cultural roots in China in various degrees.

The significance of these facts was fully appreciated by Russian Communist leaders. They saw in China not only a big land mass and an enormous population, but also a general national awakening accompanied by some social unrest partly caused by the resentment of the people to foreign exploitation as imposed by the unequal treaties. They saw clearly that nationalism could be captured and utilized as their tool.

The Bolshevik regime's policy to communize Asia was formulated before it had consolidated its power in Russia. In his address before the Second All-Russian Congress of Communist Organizations of the People of the East in November, 1919, Lenin assured his followers that "emancipation of the people of the East is now quite practicable". During the First Congress of the People of the East held at Baku in 1920, great importance was attached to kindling the fire of revolution in Asia and to the effort to destroy the power of capitalism throughout the world. In 1923 Lenin asserted that "Russia, India, China et cetera" had the great majority of the world's population and that "there cannot be the slightest shadow of doubt what the final outcome of the world struggle will be."

The limitation of time does not permit me to trace the different steps through which international Communism had succeeded in gaining control of the Chinese mainland. Suffice it to say, however, that China was selected to be the prime target for conversion to Communism and that the Chinese Communist Party was organized in Shanghai in 1921 under the direction of the Comintern.

Pertaining to the realm of land and people is the fact that there are some 19,000,000 overseas Chinese and the bulk of them are residing in Asia. Its significance should merit appropriate attention; although, I am happy to say, they are bona fide workers, businessmen and entrepreneurs and cherish liberty and free enterprise. It behooves me to point out that the preponderant majority of them support my Government, and that at this juncture of contest between ideologies Taiwan has been the point of their rally. No doubt they are contributing to the stability and orderly development in the several countries of their residence.

Central to the subject under discussion is "Free China", that is the Republic of China, whose temporary seat of administration is in Taiwan. My Government is heir to the polity of traditional China and the repository of the cultural heritage of the Chinese nation. In recent years popular journalism has often referred to the Republic of China as "Free China" or even "Taiwan".

With peace and security as her goal, China under my Government has been a decent member of the international community and a good neighbor to the adjacent countries. The cardinal principle of our foreign policy

is to secure for China independence and equality, and to achieve for her a respectable place in the family of nations. In addition to our endeavor in promoting international cooperation, my Government has made strenuous attempts to improve the Covenant of the League of Nations (particularly Article 16) as regards "enforcement actions" and the application of sanctions against aggression and had made enlightened and practicable proposals for a sound Charter for the United Nations at the Dumbarton Oaks and San Francisco Conferences. This was the reason why it was so detestable that we were deprived of our right of representation in the United Nations in spite of our good record in that organization, which was described as "enviable" by some international publicists. Since this is an academic audience, I am sure you remember that the infamous action of the U.N. General Assembly on October 25, 1971, violated many provisions of the U.N. Charter such as Articles 1, 2, 4 and 5 as well as the resolutions of the General Assembly itself passed on February 1 and May 18, 1951, declaring, among other things, that the Chinese Communist regime "had itself engaged in aggression in Korea".

The practical importance of my Government transcends the present limits of the territory over which it exercises effective control. As the facts stand today, it is the symbol of freedom and the beacon of hope for the teeming millions of repressed, abject people on the Chinese mainland and the point of rally for the people of Chinese extraction overseas.

The importance of both the Government of the Republic of China *per se* and the strategic value of Taiwan should merit due attention from the Free World. Together with the offshore island groups of Kinmen (Quemoy) and Matsu, Taiwan is a bastion for defense in the West Pacific. Geographically speaking, it could be considered as one of the islands in the chain of volcanic formations extending from the Kamchatka Peninsula to the Sunda Islands in the Java Sea. Politically, it has generally been regarded in recent years as a link in the defense chain from the Aleutian Islands through Japan and the Liu Chiu (Ryukyu) Islands to the Philippines. Since the 1850's soldiers of fortune, diplomats and military strategists have called attention to the importance of this insular territory of ours; but for our present purpose I shall content myself with quoting just one passage from the communiqué issued in Washington on the eve of the signing, on December 2, 1954, of the Mutual Defense Treaty between the United States and the Republic of China. The passage reads:

"This treaty will forge another link in the system of collective security established by the various collective defense treaties already concluded between the United States and other countries in the Pacific area. Together, these arrangements provide the essential framework for the defense of the free peoples of the West Pacific against Communist aggression."

I should like to point out here that there is an apparent lack of serious impartial studies on the political aspects of the Government of the Republic of China. While it is true that the modest economic progress we made in Taiwan in recent years has been fairly well reported, the political advance of my Government, the high principles which have served as our guide in international and national affairs and our enlightened stance *vis-a-vis* our Asiatic neighbors are inadequately reported or completely ignored. Although limited in size as compared to the vastness of the Chinese mainland, the territory currently under our effective control is larger than that of many of the viable countries in the world. The population of Taiwan and the offshore islands, which is about

15,400,000, is bigger than that of seventy per cent of the nations in the world, and the standing armed force of upwards of 600,000 well trained men is reckoned to be the sixth in size.

In view of the facts cited above, reasonable people would probably agree that a free China is conducive to a free Asia if China is pacific and willing to play the part of a good neighbor. During the late war this proposition was very much in the minds of the leaders of our two countries.

We realized, too, that most of the countries in our region had had a colonial legacy, resisted the Japanese concept of a "Greater East Asia Co-prosperity Sphere", and were eager to build themselves into independent states according to their own national aspirations. In the winter of 1942 when the eventual defeat of Japan was assured, my Government announced to the world that it would deal with the other countries in Asia as equals and had no intention of assuming the role of hegemony, to which Japan had aspired.

In a message on November 17, 1942, President Chiang Kai-shek declared:

"Among our friends there have been recently some talks of China emerging as the leader of Asia, as if China wished the mantle of an unworthy Japan to fall on her shoulders. Having herself been a victim of exploitation, China has infinite sympathy for the submerged nations of Asia, and towards them China feels she has only responsibilities—not rights. We repudiate the idea of leadership of Asia because the 'fuehrer principle' has been synonymous with domination and exploitation."

My Government's policy toward Japan is more than liberal, but actually magnanimous. We strongly believe that brutal force, however strong, and retaliation, however justified, cannot bring about peace. It was for this reason that after V-J Day in 1945 my Government did not claim any reparations from the Japanese Government for the enormous losses we had sustained during the war and that President Chiang Kai-shek had recommended, in response to a question by President Roosevelt at the Cairo Conference in 1943, that in order to avoid future animosity the allied Powers should leave the question of the "emperor institution" to the Japanese people themselves to decide instead of insisting that it be abolished.

After the Chinese Communist regime was formed, it was grossly misunderstood by the other countries including some people of Chinese extraction overseas who sent their children to the mainland for education. But then they were forced to take note of the sufferings of the people and the upheavals resulting from the oppressive measures and destruction of traditional institutions and social values and fanatical attempts at economic development based on faulty calculations as revealed in the disasters following the so-called "Great Leap Forward" in 1958. The so-called "Proletarian Cultural Revolution" accompanied by the rampage of the "Red Guards" initiated in 1966 and the recent "Anti-Lin Biao and Anti-Confucius" agitations have further disclosed the widespread internal dissensions and the steady deepening of the intra-party power struggle.

For many years some "liberal" writers in this country had tried to deal with the question of Peiping's threat to other countries in terms of the economic conditions on the Chinese mainland, contending that the State of want and under-development should dissuade its leaders from using the meager resources to instigate insurrections in other lands. I do not have to tell this audience how wrong is this kind of reasoning. All that one needs to do is to examine some of the voluminous documents of the Mao Tse-tung regime on world revolution and its record in supporting, training and equipping revolu-

tionary leaders and movements seeking to subvert the legitimate governments of neighboring countries.

Aside from Peiping's part in the Communist aggression against the Republic of Korea and the United Nations and its aiding and abetting role in the recent Vietnam war, its massive support to the Indonesian Communist Party (Partai Komunis Indonesia) in the 1960's is another glaring example of its threat to the Asian countries. The court proceedings in the trials of former Indonesian Foreign Minister Subandrio and former Air Force Chief Omar Dimal after the failure of the coup d'etat in September-October, 1965, brought to light that the Chinese Communist regime had secretly sent to Indonesia great quantities of arms, explosives and military equipment and that Subandrio had been promised 100,000 small arms. The West should remember also that during the crucial battle of Dienbienphu the bulk of the ammunition and the chief weapons employed by Vietnam Communists were supplied by Peiping.

In conclusion, I would like to point out a known fact that the legal governments of the free countries in the region are not strong enough to resist the major supporters of the local Communist groups in their respective domains. For many years there have been various common efforts in regional organization pursuant to the articles on "Regional Arrangements" under the U.N. Charter, but the agenda of their conferences usually covered other matters of mutual cooperation than positive political and security problems. At this stage of development countries in this large area would have to depend for their external defense on one or another of the Treaties of Mutual Defense concluded under the aegis of the United States from 1951 to 1954.

We of the Republic of China attach utmost importance to our Mutual Defense Treaty with the United States and are gratified to note that the authorities of the United States from President Nixon on down have repeatedly assured us that the United States will maintain its friendship with us and its defense commitments to my Government. My Government on its part stands ready to discharge its obligations under that instrument. We are irrevocably committed to the cause of freedom and to the defense of our independence, and there is no turning back or possibility of compromise with the Communist rebels. Inasmuch as our position is constant, we deem ourselves as a vital force for freedom at this juncture of conflict between freedom and Communist enslavement.

#### THE SIXTH ANNIVERSARY OF THE INVASION OF CZECHOSLOVAKIA

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. DERWINSKI. Mr. Speaker, today is the sixth anniversary of the invasion of Czechoslovakia by the Soviet military forces. On August 21, 1968, the frontiers of that small country were occupied by 650,000 Russian, Bulgarian, East German, Hungarian, and Polish troops, that were dispatched to suppress the liberalization that was developing in that country.

The occupation of troops to Czechoslovakia in 1968 was especially shocking because that nation had been a Soviet satellite for 21 years. Some inadequate reforms were too much for the men in Moscow.

Despite the millions of words that have been spoken and written during the last few years to the effect that the Communists have mellowed and that their leaders have undergone a metamorphosis from socialist totalitarianism to capitalistic free enterprise, the status of Czechoslovakia shows us that the facts are otherwise. The people who inhabit that unhappy nation can provide the testimony to demonstrate the utter falsity of statements that proclaim the advantages of peaceful coexistence.

The peoples of Czechoslovakia do not need foreign advice especially under the heel of the Soviet Russian gosestep as to how to run their affairs. Their tradition of self-government goes back to the kingdom of Great Moravia which was a strong independent and highly developed state in Central Europe during the ninth century. The Soviet military occupation not only violates the sovereignty of Czechoslovakia but affects the entire European balance of power. The invasion was an illegal act of unprovoked aggression and the continuing military occupation is an inexcusable violation of international law.

May I remind the Members that on August 14, 1970, this body passed Concurrent Resolution No. 817 protesting the occupation of Czechoslovakia. In the following years numerous Members of Congress from both parties in the House and Senate issued strong individual protests. It is now established that the Soviet and Warsaw Pact armies were not called by any responsible Czech official. The crushing of the Dubcek government was nothing but an unprovoked act of aggression which must not be forgotten.

This episode demonstrates the rigid and barbaric nature of the Soviet dictatorship. For those people in all parts of the world, August 21, 1968, should be remembered as a day when the blooming of freedom was nipped in the bud and the rights of these peoples remain divided until this day. Let there be no illusions about détente. The Soviet invasion into Czechoslovakia certainly makes that clear.

#### COMMITTEE REFORM DELAYS

### HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, today marks an anniversary of sorts, though not one which is cause for celebration. It was exactly 5 months ago today, on March 21, 1974, that our bipartisan Select Committee on Committees reported out House Resolution 988, the Committee Reform Amendments of 1974 calling for a comprehensive realignment of House committee jurisdictions along functional lines.

Ever since that date the reform package has been buffeted about by the cruel winds of antireform forces both from

within the House and from without. For months this bipartisan product was stalled in the partisan pocket of the Democratic King Caucus where it was practically studied to death. It was then reshaped by the so-called "reform" committee of the Democratic Caucus, not to fit the needs of the House as an institution, but to fit the needs of the power barons of King Caucus.

Now the resolution is receiving similar treatment from the House Rules Committee of which I am a member. Twice it has been scheduled for consideration in the committee, only to be pulled at the last minute for one mysterious reason or another.

The Washington Post this morning carried an article which identifies labor lobbyists as the real culprit in this whole piece, based on accusations not from this side of the aisle, but from the other side. Mr. Speaker, I would hope that when this body reconvenes in September we will stand up to those outside pressures and demonstrate to the American people that we are in charge of this House and are prepared to reform ourselves. I have been informed that consideration of the reform bill has now been reset for September 12 in the Rules Committee. I hope we can stand by that date. At this point in the RECORD, I include the Post article:

#### BOLLING, ALLIES CHARGE LABOR BLOCKS HOUSE REFORM

(By Mary Russell)

Pressure from labor lobbyists may succeed in killing proposals to reform the House committee system, the chairman and Democratic members of the group that authorized the reforms said yesterday.

A Rules Committee meeting yesterday to clear the reform proposals for the floor was canceled. Reform proponents cited this as a first sign of a delaying strategy by opponents, including labor lobbyists and committee chairmen and members who would lose jurisdiction by the proposals.

"The opponents (of the reforms) having failed in all their previous efforts to kill it may now be attempting to bury it in the Rules Committee by stalling it to death," said Rep. Richard Bolling (D-Mo.), chairman of the bipartisan select committee which reported the reforms this spring.

In a statement, four Democratic members of the committee said they feared the delaying tactics will succeed unless Speaker Carl Albert and Majority Leader Thomas P. O'Neill (D-Mass.) continue to press for action.

At a Rules committee session yesterday, Chairman Ray Madden (D-Ind.) promised to reschedule the meeting for Sept. 12. He said the delay arose because not all the members of the House who were interested in the reforms could be present.

But Bolling and Democratic colleagues said the action might be "the first of a series of steps designed to prevent action by the House this year" on the reforms proposals.

Other recent actions which appear to endanger the reform proposals include: renewed activity of labor lobbyists who oppose splitting the Education and Labor Committee in two; a visit to Speaker Carl Albert by three powerful committee chairmen asking for delay, and a cooling among Democratic leaders who feel the reforms could result in a divisive party battle.

The reform proposals have already resulted in bitter fights among Democrats, who as

the majority party hold the committee and subcommittee chairmanships affected by the proposals.

#### YOUTH CAMP SAFETY

### HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. DOMINICK V. DANIELS. Mr. Speaker, the Select Subcommittee on Labor has held hearings on the Youth Camp Safety Act during the 90th, 91st, 92d, and 93d Congresses. As a result of these, we have become increasingly aware of the great need for this legislation.

It is, therefore, with great pleasure that I can say to my colleagues today that the subcommittee, with strong bipartisan support, unanimously reported out this bill on Wednesday, August 14. The bill now awaits consideration by the full Education and Labor Committee.

I am most pleased to learn that the Communication Workers of America have also come out in strong favor of the Youth Camp Safety Act. The reasons for their support were most eloquently stated in a resolution unanimously passed at their 36th annual convention.

I would like to bring this resolution to the attention of my colleagues.

The resolution follows:

#### YOUTH CAMP SAFETY

Every summer, approximately 10 million youngsters attend camp throughout the United States. The number of these camps is estimated between 8,000 to 11,000. Parents will be sending their children to these camps in the belief that they will be adequately supervised by trained counselors and will live in sanitary and healthful surroundings.

Because of the interstate nature of summer camping, parents must rely mainly on brochures and other promotional materials prepared by camp operators. In most cases, the only times the parents will observe the camps will be at the beginning and end of the camp stay.

Public hearings in the last three Congresses before the Select Subcommittee on Labor of the Education and Labor Committee, U.S. House of Representatives, have documented countless cases in which children suffered serious—and sometimes fatal—illnesses and injuries at summer camp. These hearings have also unearthed the fact that only 6 states have comprehensive youth camp safety laws.

As a result of the earlier hearings on Federal youth camp safety legislation, the Chairman of the Select Subcommittee on Labor, Congressman Dominick V. Daniels, of New Jersey, wrote to the Governor of every state two years ago urging enactment of state youth camp safety laws. That plea has been ignored since only those 6 states have adequate laws today.

Under a mandate by the U.S. Congress, the Department of Health, Education and Welfare conducted a study and investigation of youth camps during the summer of 1973. The HEW study found that 45 states have no regulations applicable to camp personnel; 17 states have no regulations pertaining to program safety; 24 states have no regulations concerning personal health, first aid and

medical services; 45 states have no regulations applicable to the transportation of children while in summer camp; 39 states have no regulations over out-of-camp trips and primitive outpost camping; 35 states do not regulate day camping; and 46 states have no regulations over travel camps.

The paradox is that the employees of summer youth camps are protected by the Occupational Safety and Health Act, but the children entrusted to the care of these employees do not have comparable protection under Federal law—nor do they have it in 44 states under state law.

Legislation pending in the House Education and Labor Committee, which bipartisan sponsorship, would establish minimum mandatory Federal standards for the safe operation of youth camps. It would provide Federal assistance to the states for developing and implementing their own youth camp safety programs. The companion Senate bill would provide for the same Federal aid, but on a permissive basis as regards the states. The House bill's mandatory features recognizes the interstate nature of the summer camping programs as an extension of the Constitutional power to regulate commerce.

Be it resolved: That inasmuch as it is the desire of all parents to insure the maximum protection of the lives and well being of their children attending summer camp, the 36th Annual Convention of the Communications Workers of America support the House version of the "Youth Camp Safety Act," and urge the strengthening of the Senate bill, to require the states to develop and implement their own youth camp safety programs.

#### THE PENSION REFORM BILL

### HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Ms. ABZUG. Mr. Speaker, during the consideration of H.R. 2, the pension reform bill, I offered an amendment to cover more equitably blue-collar workers in this country who do not wait until the age of 25 to start working, but start working immediately upon leaving high school. I am pleased the conference committee on H.R. 2 supported the substance of my amendment by authorizing a 3-year "lookback" to credit service up to 3 years before entering a pension plan at age 25.

The importance of this provision cannot be overstressed—according to the 1970 census, over 50 percent of all Americans between the age of 18 and 19 are in the labor force. Over 68 percent of all Americans between the ages of 20 and 24 are in the labor force. Of all the women between the ages of 20 and 24, over 56 percent are in the labor market.

This provision is of particular concern to women, generally between the ages of 18 and 24, whose labor pattern is to work for a number of years; leave to care for their families and return to the labor force at a later date.

I would like to commend the members of the conference for taking one of the many needed steps to insure that the working youth and women in this country, who make a significant contribution

to society, are considered as economic equals with the rest of the working American public.

#### A PRAYER FOR OUR COUNTRY

### HON. MARTHA W. GRIFFITHS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mrs. GRIFFITHS. Mr. Speaker, President Ford last week asked for the Nation's prayers on assuming the awesome responsibilities of the Presidency. The following is a response to that request from the Congregation Shaarey Zedek of Southfield, Mich. It is an eloquent expression of the deep desire the people of my district and the Nation, that President Ford restore to us a unity and tolerance long missing from our national spirit.

The prayer follows:

#### A PRAYER FOR OUR COUNTRY

(Composed by Rabbi Irwin Groner)

We thank Thee, O Lord, for America our home, a country dedicated to the ideals of freedom, justice and brotherhood. We praise Thee for the liberty, the opportunity, and the abundance we possess. Above all we praise Thee for the traditions which have made our country great and for the inspired leaders of our past who laid the foundations of this republic through faith, courage, and self sacrifice.

We have lived through a dark and painful period in our nation's history. Those entrusted with authority did abuse it. The highest office in the land was darkened by ever lengthening shadows of legal and moral wrongdoing. In the midst of this travail, many of us became disillusioned with our leaders, with ourselves, and with the failure of this government to reflect our national ideals. We have come to recognize with greater comprehension the words of Thy teacher "Righteousness maketh a nation great, but sin is a reproach to any people."

We are grateful to Thee, O Lord, for what this ordeal has taught us. We are a government of laws and not of men. These laws are designed to protect the rights of the weak against the strong, to defend the liberties of the individual against the tyranny of the powerful. We have relearned an old lesson: that the opinion of all the people is wiser than the opinion of any one man, of any small group of men.

Almighty God, we beseech Thee to look with favor upon our land and our people. Heal our wounds, bind us together, let the bitterness be replaced by forbearance and the anger muted by understanding, and the cynicism answered by trust. Justice having been done, let mercy and forgiveness complete the work of reconciliation and unity.

Heavenly Father we ask Thy blessing on Gerald Ford as he becomes the President of the United States. Mayest Thou, O Lord, to whom alone belong the dominion and the power, be his support in the fulfillment of his awesome trust, thrust upon him by unprecedented events in the experience of this people. Enable him to ensure the unfettered, uncompromised implementation of our Constitution for all the inhabitants of our land. Endow him with the spirit of wisdom that he may safeguard the physical and moral integrity of our beloved commonwealth,

founded by our faith in Thee. Quicken his heart with the awareness of Thy presence, especially in the lonely moments of fateful decisions which may be his to make for us and the world.

May we, the citizens of this land, express by obedience to Thy law that we are worthy to have been made great among the nations of the earth. Above all, let us so order the affairs of this country that we heed the admonition of Thy prophet—"Let justice well up as the waters, and righteousness as a mighty stream." Amen.

#### ANTI-INFLATION ACT OF 1974

### HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, because of illness I could not be present on Monday to vote for the Anti-Inflation Act of 1974. I take this opportunity to indicate my support. This bill is nearly identical to H.R. 16399, the Economic Monitoring and Inflation Control Act which I introduced on August 14 in response to President Ford's request to reactivate the Cost of Living Council for the purpose of monitoring wages and prices to expose abuses, without the re-imposition of controls.

The bill before us today would establish a Cost of Living Task Force for the same purposes. Like my own bill, it contains a specific proviso barring control authority. This proviso is contained in section 4(b) and reads:

Nothing in this Act authorizes the imposition, or reimposition of any mandatory economic controls with respect to prices, rents, wages, salaries, corporate dividends, interest rates, or any similar transfers.

The task force established by this bill would have a seven-part mandate as spelled out in section 4 of the bill. These responsibilities include: Reviewing and analyzing industrial capacity, demand and supply in various economic sectors, working with industrial groups and Government agencies to encourage price restraint; working with labor, management and Government agencies to improve collective bargaining structures and the performance of those sectors in restraining prices; improving collective bargaining and encouraging price restraint through the improvement of wage and price data bases for the various economic sectors; focusing public attention on inflationary problems and the need to increase productivity in the public and private sectors of the economy; reviewing the programs and activities of public and private economic sectors for the purpose of making recommendations for changes aimed at increasing supply and restraining prices; and finally, evaluating the inflationary effects of international transactions, particularly with respect to balance of payments, controls on imports and exports, and the cost of fuel and other commodities that bear directly on the rate of inflation.

Mr. Speaker, let us harbor no illusions



that the creation of this Cost of Living Task Force is some kind of panacea for our inflationary problems. It is not. But hopefully, through this economic monitoring process, we will be able to better pinpoint and deal with the major sources of our inflationary problems and to enlist public support and cooperation in that cause. Hopefully, the forthcoming domestic summit on the economy being convened by President Ford will further supplement this effort and provide us with fresh ideas and solutions for dealing with this most difficult and persistent problem. I commend President Ford on taking these early initiatives to deal with what he has termed "Our Domestic Public Enemy No. 1." As the President stated in his address to the joint session of Congress on August 12, "to restore economic confidence, the Government in Washington must provide leadership." By passing this bill today, we will be taking an important first step in providing that leadership and indicating to the American people that the Congress is prepared to work closely with the new administration in combating inflation. I urge the passage of H.R. 16425, the Anti-Inflation Act of 1974.

#### FREEDOM'S EDGE

### HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I am pleased to call to the attention of my colleagues the publishing of a new book entitled "Freedom's Edge: The Computer Threat to Society." This 150-page volume was written by Mr. Milton R. Wessel, a New York attorney who has lectured and published widely on the computer's impact on society, modernizing legal procedure, improving crime enforcement and related socio-legal problems.

This book was written to put all of us on the alert—the computer industry and individuals everywhere who are wondering what legal means they have to protect themselves against any adverse encroachment of computers.

The underlying theme of Mr. Wessel's book is this: When the computer's impact on the data is great enough, it changes the environment in which we live. For example, it can have a chilling effect on freedom. In chapter after chapter, the author shows some of the ways the computer is already changing our lives or soon will be.

In Mr. Wessel's book he hopes to generate the kind of interest and concern that will stimulate analysis, debate, and action before it is too late.

It is my sincere belief that his study is another reason why Congress should pass legislation, such as H.R. 16373, designed to safeguard individual privacy from the misuse of Federal records and provide that individuals be granted access to records concerning them that are maintained by Federal agencies, in many cases, in computers.

## EXTENSIONS OF REMARKS

### SELECTIVE MASS TRANSIT AID

### HON. CLARENCE E. MILLER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MILLER. Mr. Speaker, yesterday I was one of 92 Members who voted against the Federal Mass Transportation Act. At the time this bill was presented to the House I had two strong objections to it: it was inflationary and it neglected the nonurban areas of this country. Although steps were taken to cut out some of the excessive spending, in the end the objectionable features still remained.

As originally reported this legislation would have given over \$20 billion for mass transit assistance. This Nation cannot afford such expenditures at a time when we are all trying to curb inflation. The manner in which this money was to be spent made it all the more objectionable. A great part of the funds was to be spent on operating subsidies. That is, the money would be given not to improve a transit system, but just to help them make up for operating deficits. Plainly this is a case of throwing our money into a bottomless pit. There are no incentives for these poorly run systems to improve their service. As long as they know that Big Brother in Washington is ready to subsidize their operations the money-wasting inefficiency will continue. This bill provides no solid assurances that this attitude will change.

I was pleased to see that the House recognized some of the inflationary aspects of this bill and cut the total funding authorized down to \$11 billion. However, there remained in the bill many items that were inflationary and could have been cut out. An example was the so-called demonstration project in one city to eliminate railroad grade crossings. The cost for this "demonstration project": an incredible \$14 million. Surely we can cut deeper than we have done as long as programs such as this remain.

A second objectionable feature of this bill is its virtually total neglect of the nonurban areas. This deficiency is perhaps the most important and yet nothing was done to change it. People in rural areas and small cities are in as great a need for adequate transportation as residents of our large cities. In fact, their need may be even greater. In a large city the stores and services that are needed are often within walking distance. In a rural area the nearest store or place of employment is usually far out of walking distance for the elderly or those without adequate transportation. What does this Mass Transportation Act do for them? Very little. Less than 5 percent of the original \$20 billion was to go to areas with populations of under 50,000. Spread out across the country this turns out to be a very meager sum. The end result is that these people in the nonurban areas are getting no benefit from the bill while paying to support the transportation of the big city dwellers.

Mr. Speaker, I strongly feel that advances are needed in meeting our mass

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transportation needs. However, the program we enact should meet the needs of all the people, not just selected areas. In addition, the funding level must be such as will not encourage inflation. I would hope that my colleagues who voted for this bill would reconsider their action and support a proposal more in line with these recommendations.

#### THE NEW PRESIDENT

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my Washington Report entitled "The New President":

#### THE NEW PRESIDENT

In huddled conversation in Washington, on the midways of the Indiana county fairs, or on main streets across the country, the question is the same: What will the Presidency of Gerald Ford be like?

Everyone agrees that the new President will start with a period of good feelings. The anger and tension and recriminations that have enveloped the country for months have subsided, the country feels a sense of relief, and a spirit of conciliation is emerging.

The new President is expected to have an extended period of good relations with the Congress. He served in the House of Representatives for 25 years, and Members of both parties know him as "one of ours." President Ford's promise this week to the Congress to consult and compromise was in keeping with the expectations of Members of Congress to work closely with him.

His style of conducting the Presidency will be much different from that of his predecessor. He will be conciliatory with the Congress, not combative. He will seek advice and listen, and not make his decisions alone. Both the man and his administration will be open and accessible. He will not display flashy leadership or crafty public relations techniques, and rather than making dramatic moves, he will act cautiously and deliberately. His White House will not be tightly controlled, but more freewheeling and loose. He has a talent for conciliation and fence mending. Although conservative and partisan, he has a pragmatic streak and can maintain cordial relations with his adversaries. Like his predecessor, he will like to travel.

Continuity will be a major theme of the early days of the Ford administration. President Ford has already asked all members of former President Nixon's Cabinet, as well as heads of government agencies, to stay on in his administration. In the early weeks of his tenure it is unlikely that he will demand top level changes, but after that he may turn to persons with past political experience.

In the area of most concern to the nation today—economic policy—the President will bring no magic or quick solutions. He believes that maintaining tight control on government spending is essential if any inroads are to be made against inflation. He favors a budgetary surplus next fiscal year, "the discipline of high interest rates," and opposes wage and price controls. Unlike President Nixon, who favored dramatic moves like wage and price freezes and tended to lurch from one approach to another, he will bring a steadier, more consistent approach. There are also indications that he may be willing to take a more activist position than Presi-

dent Nixon did, for example with public service employment and selective credit policies for hard-hit industries, such as housing. His calls this week for an "economic summit" meeting to tackle inflation and for the re-establishment of the Cost-of-Living Council to monitor wage and price activity, and his criticism of General Motors for price increases are further evidence of his activism.

In the area of foreign policy, where President Ford has not had great experience, he has already indicated that he would follow the basic course of the Nixon-Kissinger policy, at least in the opening stages of his administration. In the past, he has been a steadfast cold warrior, a "hawk" on Vietnam, but a defender of Nixon's winding down of U.S. involvement in Vietnam, and a supporter of the moves toward detente with the Soviet Union and China. He has consistently supported big defense budgets, a large U.S. troop presence in Europe, freer trade, and Israel. As President, he confronts immediate and key decisions in almost every area of the world: in the Middle East he must keep the negotiations going; talks with the Russians on limitations of strategic arms are due to resume in Geneva next month; relations with China, Japan, and Latin America need special attention; the Indochina situation is not improving; and ties with Western Europe, which have improved lately, need constant attention. Mr. Ford also needs to become acquainted with most of the key world leaders.

President Ford's past record, which is consistently right of center, makes unlikely that he will be highly innovative or strike out in new directions. His voting record in the Congress was deeply conservative. He opposed most of the Great Society programs, including Medicare and federal aid to education. He has been a strong supporter of revenue sharing as a means of strengthening state and local governments. On civil rights legislation he has opposed busing school children to obtain a racial balance and supported most major reform bills, but only after first voting to weaken them. Similarly, he has voted for most environmental legislation but believes that many federal environmental standards should be eased. But the conservatism may be misleading because he recently advised a visitor, who had noted his somewhat negative civil rights record, to "Forget the voting record. The voting record reflects Grand Rapids."

#### THE DEATH OF MRS. PARK— KOREA'S LOSS, OUR LOSS

#### HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. WALDIE. Mr. Speaker, the tragic death of Mrs. Chung Hee Park at the hand of an assassin, was a terrible loss to the people of the Republic of Korea and to all of us who are concerned about the well-being of our fellow man.

Mr. Speaker, the humanitarian interests and energies of Mrs. Park will be missed by the people of Korea who loved and revered their "First Lady."

Let us hope that this terrible act is not repeated and that the people of Korea, our great friend and ally in the Far East, are comforted by a period of solidarity and peace they so richly deserve.

Mr. Speaker, if there is any solace in this terrible loss, it is that the strength of the Korean people has been tested and they have been joined by the common bond of sorrow.

#### CRIME—THE FAILURE OF TRADITIONAL THEORIES

#### HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. CONYERS. Mr. Speaker, now that the Nation's attention has been freed from the problem of "crime in the suites," we must again devote our attention to one of the chronic problems facing our Nation today: Crime in the streets.

Recent nationwide surveys show that, contrary to prior reports, crime is rising at an alarming rate, to the point that it threatens to jump off the charts due to the fact that at least two crimes in five are never reported. We are today up against an unprecedented public lack of confidence in our law enforcement and criminal justice institutions. The ineffectiveness of our present programs in reducing crime can be traced to the shopworn thinking that controls their initiation and implementation.

The last administration, which characterized itself as of the "law and order" variety, proved to be entranced by the need to find easy and politically palatable answers to this complex societal problem. Accordingly, the Nixon years saw billions of dollars pumped into supportive Federal programs that grew out of an oversimplified "Crimestoppers' Textbook" approach to reducing crime. The analysis of recent experiences within the law enforcement community questions the logic of assumptions that were thought to contain answers to the problem. Some of the assumptions that characterize the fundamental formula underpinning such programs may be enumerated as follows:

Highly efficient police force plus Federal monetary assistance plus cooperative informed citizenry equals a reduced crime rate;

Increased visibility of police presence plus increase in arrest rate equals more effective crime deterrent, which in turn equals a reduced crime rate;

Police plus improved technology, with emphasis on hardware, equals a reduced crime rate;

Reduction of the international flow of narcotics plus strict enforcement of drug laws plus treatment of addicts equals a reduced crime rate;

Improved economic conditions plus reduced unemployment locally equals a reduced crime rate.

The fact that these combinations of presumptions have failed to produce a measurable reduction in crimes of passion and opportunity is not to say that they are totally invalid; it merely demonstrates that their applications thus far have been ineffective.

In my view, this is because crime has been treated as an objective rather than human phenomenon and, as a result, efforts have been concentrated on treating symptoms rather than curing the cause itself. That is to say, we have shown a tendency to preoccupy ourselves with enlarging law enforcement systems to increase their capacity to handle more

crime rather than preventing it from occurring with such frequency. The ironic result is that law enforcers are oftentimes put in the position of being in the business of crime logistics and management rather than crime prevention itself.

The rate at which crime has risen in the last decade should make it abundantly clear that it is physically, as well as fiscally, impossible to allow crime to escalate and expect that institutions can be expanded at a proportionate rate to deal with it. By selectively concentrating resources in the area of apprehending criminals, a vicious cycle is insured. More arrests means overwhelming the already overburdened court system, which is then faced with a Hobson's choice: Either dump more bodies into the totally inadequate corrections complex—with its demonstrated capability of producing more efficient criminals—or return offenders directly to the communities from whence they came. The net effect is that the proportion of criminals to citizenry increases at an almost Malthusian rate, since the physical capacity of the corrections system is irretrievably overloaded, while the system's ability to cope effectively with this increase diminishes inversely.

It is time we incorporate into our crime-reduction thinking the hard facts of modern urban life: Poverty, economic discrimination, and social and racial injustice are the progenitors of crime. As long as these conditions exist, no amount of law-enforcement cosmetology will ever make a significant dent in the crime rate.

There is one factor that has emerged from the trauma of Watergate that deserves more emphasis than I could ever give it. Many believe that respect for law and the rights of others has never been lower in any prior period in our history; Watergate has reinforced the public's conviction that those most responsible for generating respect for the law and its institutions are arrogantly indifferent and completely without moral substance. To expect restraint from the people when their leaders run roughshod over every precept of law and accountability is patently ridiculous. This cancer of disrespect can be seen as encouraging an ugly popular preference for vigilantism that, if adopted would make past periods of lawlessness seem remotely inconsequential. Already in our cities we have seen examples of mob justice that has threatened the whole fabric of social order; currently, American moviegoers are on their feet, cheering a citizen-victim who turns assassin due to the ineffectualness of the system in giving him justice.

The time for lip service and cures that only hasten the spread of the sickness is past. The question is no longer one of containment, but one of survival. It is encouraging to note that some of my colleagues have rededicated themselves to the principles of law and justice, and seem ready to eschew the lure of easy solutions that have so tempted us in the past. Crime is merely the footsoldier of injustice; we must declare war on the real enemy.

Writing in a recent issue of the Washington Star-News, Mr. Orr Kelly has provided some helpful insights into the failure of conventional programs to have a real impact in reducing the spiraling crime rate. I insert Mr. Kelly's article in the RECORD at this point for my colleagues' appraisal and enlightenment.

The article follows:

[From the Washington Star-News, Aug. 16, 1974]

#### FAILURE OF WAR ON CRIME

(By Orr Kelly)

The long nightmare of Watergate may be over, but President Ford is faced with another long nightmare that simply will not go away: crime in American cities.

Statistics pouring into the Federal Bureau of Investigation from police departments throughout the country suggest that the war on crime—described by the Justice Department as "the most massive and sustained attack on crime in the history of the nation"—has been a bitter failure.

"We have really made very little progress on a crime control system that really works," Patrick V. Murphy, president of the Police Foundation, said. "I don't think we have been winning the war on crime."

Attorney General William B. Saxbe described the amount of street crime in the country as "undesirable and unacceptable" and added: "a lot of the things we've bought in the last few years as cures for crime just haven't worked."

FBI statistics show that the crime rate, which increased an average of 9 percent a year from 1960 to 1970, showed a slight decline in 1972 for the first time in 17 years but, by the middle of last year, was clearly on the rise again.

In the last three months of last year, the increase was 16 percent. In the first three months of this year, it was 15 percent. A spot check by the Star-News with police departments in scattered parts of the country indicates the increase has continued into the second quarter of this year.

Even sociologists such as Dr. Albert D. Biderman, of the Bureau of Social Science Research here, who do not accept the FBI's Uniform Crime Reports as an accurate measure of crime trends, believe that crime is increasing—and will continue to increase for an unpredictable period of time.

One of the most discouraging things about the increase in the crime rate shown by the FBI reports is that it confounds so many of the theories that guided the Nixon administration's offensive against crime.

If a city with a first-rate police department got help from the federal government and the enthusiastic cooperation of an informed citizenry, it was reasoned, the amount of crime in that city would decline.

Portland, Oreg., fits the formula almost perfectly. It has a good department, it was chosen as an impact city to receive special help and its people support the police department.

"We are rather fortunate," Deputy Chief Richard Kuntz said in a telephone interview. "We enjoy a lot of support from the community. People have faith in us. The rate of reporting of crime is higher than in other cities."

What happened? In the first quarter of this year, crime in Portland went up 25 percent.

Part of the increase, Kuntz said, was the result of successful efforts to encourage people to report crimes. That probably accounted for most of the 113 percent increase in the number of rapes reported, he said. But it does not help to explain why the number of murders jumped 175 percent.

When Kuntz reported the startling 25 percent increase to the FBI, he was told not to

be surprised—crime was up almost everywhere.

Kuntz checked other western cities and confirmed the FBI report. In neighboring Washington, Seattle's crime was up 28 percent, Spokane up 38 percent. In California, San Diego was up 20 percent, San Jose up 19 percent. In cities of comparable size, only Oakland, Calif. showed a decrease—down 14 percent. But Kuntz then checked the number of crimes reported and found that Portland and Oakland were running almost neck and neck and that the number of rapes and aggravated assaults reported in the two cities was exactly the same.

"We got an increase," Kuntz said, "but we just don't have the resources to find out the causes."

Another favorite theory is that poor economic conditions and an increase in unemployment will be reflected in a rise crime—and vice versa.

That theory hasn't worked in Jacksonville, Fla., where Sheriff Dale Carson's force of 800 polices a community of 550,000 persons. Economic conditions are good, unemployment is low, industry is booming and the amount of Navy business in the area has increased as bases elsewhere were closed.

"We're up 28 percent for the year and we're at a loss to know why," Carson said.

This sense of bewilderment belies another of the theories that guided the war on crime: that research plus better cooperation among police departments would reveal effective strategies for fighting crime.

Chief Bernard Garmire, head of the Miami, Fla., department, described a meeting with other law enforcement officials earlier this month in Jacksonville.

Almost all had bad news to report. Crime in the first quarter was up 24 percent for the southeastern states, up 40 percent for Florida and up as much as 50 percent in some communities.

"We don't know the answers," Garmire said. "Each of us was at a loss to account for the recent upsurge."

The increase in the crime rate for Miami was below the state and regional average at 17.5 percent, a fact from which Garmire takes some satisfaction—but not much. He now hopes that the rate of increase will hold at about that level for the year.

Another theory that helped guide the war on crime was that police using more sophisticated equipment—especially computers would be able to hold down crime.

In Dallas, Tex., where a computer system is in operation, one important result seems to be that Chief Donald A. Byrd gets the bad news faster. While most chiefs are still guessing how their crime rate ran in the second quarter of this year, Byrd knows that crime in Dallas was up 18.78 percent in the first six months of the year.

Another disturbing fact revealed by the computer is that the sharpest increase in Dallas is in the crimes that the police have most difficulty solving.

The rate for both murder and aggravated assault is down but the police solve 90 percent of the murders and 74 percent of the assault cases.

On the other hand, they clear only 16 percent of burglaries, 24 percent of the larcenies and 19 percent of auto thefts—and there is a sharp increase in all those categories.

Perhaps the most grievous disappointment in the national war on crime has been the failure of the crime rate to drop as the result of a massive—and at least temporarily successful—effort to reduce drug traffic and drug addiction.

Through a combination of international cooperation, strict enforcement of the drug laws and treatment of addicts, the heroin epidemic that plagued American cities only a short time ago seems to have been brought

under control. But the expected decline in the crime rate did not occur and some experts now are wondering whether they overestimated the link between drug addiction and crime.

The effort to control the drug problem was just one part of what then-Atty. Gen. Richard G. Kleindienst described to Congress two years ago as the greatest attack on crime in the nation's history. Since 1969, the Law Enforcement Assistance Administration—the agency through which the federal government helps local law enforcement agencies—has received \$3.2 billion, most of which has been passed on to state and local agencies. It is now geared up to send out nearly \$1 billion a year.

In his report in September 1972, Kleindienst claimed that the war on crime was beginning to show results and, when the figures for 1972 showed an actual decline, administration officials were elated. As recently as January, in his state of the union message, President Nixon declared: "Peace has returned to our cities, to our campuses. The 17-year rise in crime has been stopped. We can confidently say today that we are finally beginning to win the war against crime."

It now appears that the claims of victory were, at best, premature. It is probable that some of the money spent in the last five years will pay off in the future. Training programs for police will almost certainly improve their efficiency as more and more go through specialized programs.

And a \$10 million a year program to question victims of crime is expected eventually to provide a vast amount of information that will help in an understanding of crime and its causes. These may well have a measurable impact on crime—in years to come.

Looking at the experience of the last five years, however, there is reason to suspect that some of the shorter-range "solutions" the federal government helped finance and the emphasis given to the war on crime itself have actually contributed to the increase in crime.

Murphy, a former police commissioner in New York, explained that a chief of police will frequently respond to public concern about an increase in crime by pushing up the arrest rate. The federal money has helped by making the police more efficient. The result in many places has been to overload the courts, prosecution staffs and the correction system with minor cases while dangerous criminals escape prosecution.

"Ninety percent of the felonies in Manhattan are plea bargained," Murphy said. "Lawyers and criminals are running the system rather than judges and prosecutors. Criminals are beating the system."

The war on crime also has had the effect, according to Biderman, the sociologist, of making crime visible, of constantly suggesting crime.

"The result has been, for some people, to make the unthinkable thinkable," he said.

The effort to understand and deal with crime thus begins to seem like some giant treadmill where even well-conceived efforts to slow it down simply add to the momentum.

So far, the sharply rising crime rate reported by the FBI has not become the kind of political issue that crime in the streets became in the late 1960s—even though the increase for at least a six-month period is as sharp as it was in the peak year of 1968.

One reason for this may well be that a single crime complex known as Watergate has so absorbed the nation's attention that it has not had time to think about such local crimes as murder, rape and robbery.

Another reason is that the kind of crimes measured by the FBI are not very common even though they are the kinds of crime of which people are afraid. It is likely that

more Americans suffer more injury from animal bites than they do from criminals and it is almost certainly true that the dollar loss from consumer fraud, embezzlement and graft—white collar crimes that are not reflected in the FBI's crime rate statistics—is far greater than the loss to muggers and second story men.

One recent study financed by LEAA showed that there is almost the same amount of crime in Dayton, Ohio, as there is in San Jose, Calif.—but the people in Dayton are much more conscious of crime and more worried about it than the people of San Jose.

The fact that public reaction to crime is extremely subjective and unpredictable suggests that concern about street crime, while subdued right now, could well erupt into a major political issue by the time of the November elections, just as it did in 1968.

If it does, politicians of both parties will be hard put to come up with solutions that have a reasonable chance of success. Almost everything that promised a quick solution has been tried—and the rate is still moving inexorably upward. Even in the District of Columbia, where a 65 percent increase in the police force helped to push down the crime rate, the rate shows signs of beginning to edge upwards once again.

Perhaps the most comforting theory is that the crime rate will begin to decline on its own before this decade is over. Prof. James Q. Wilson of Harvard, writing in the February issue of *Barrister* magazine, said the rate might well begin to drop as those born in the baby boom of the late 1940s get older, growing out of the age group responsible for most crime. This might be especially true if the number of jobs more nearly matched the number of persons in the 15-to-24 year age group and if there were significant improvements in the court and correctional systems, he said.

But Alderman, who tends to focus on population trends rather than on the crime rates, sees some disturbing signs that the passing of the post-war baby boom may not, in itself, cause a drop in the amount of crime. One sign, he says, is an early indication that the arrest rate among black males is not dropping off sharply after age 26, as it would be expected to do. Another worrisome sign is that Americans are not becoming parents as early as they used to. This could mean more young people without the stabilizing effect of family responsibility—and more crime.

Federal officials have shown a strong inclination to grasp at a simplified version of the Wilson theory—and to hope that the crime problem will just go away.

Last spring, when the FBI reports first showed a five percent increase in the crime rate last year, with the alarming 16 percent increase in the final quarter, Saxbe went to the White House and suggested calling the nation's police chiefs to Washington to see if they had any ideas for dealing with the problem. White House officials showed no enthusiasm for a meeting that would dramatize a potentially explosive political problem they would rather not think about.

Now, Saxbe has quietly arranged for a group of top law enforcement officials to gather on the weekend of Aug. 27-29—but in Chicago rather than in Washington.

Several of the chiefs interviewed by the *Star-News* said they expected to be at the meeting—looking for answers rather than bringing them.

One Justice Department official who has long studied the crime problem and various solutions to it was asked if he had any suggestions. He shrugged.

"We're not going to lick this problem until we have a moral rejuvenation in this country," he said. "We need better people."

## URBAN MASS TRANSIT

## HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HARRINGTON. Mr. Speaker, yesterday the House passed H.R. 12859, the Federal Mass Transportation Act of 1974, as amended on the floor.

Although I did not speak in favor of the bill at that time, I would like to take this opportunity to state that, despite my disappointment at the adoption of the amendment to cut the authorization by about 45 percent from the committee recommendation, I supported the bill on the basis of its overall merits, particularly because of the establishment for the first time of a unified and comprehensive Federal-State-local program of mass transit assistance.

I would like to suggest that in a time when the demand for mass transit facilities has been on the rise, when many existing urban mass transit facilities are proving inadequate to handle the load, when depreciated capital equipment has in many cases been left to further deteriorate for lack of funds, when our rail service facilities—particularly in small towns—are dying a slow death, and when energy shortages and environmental problems demand that we find more efficient means of transportation, the time has certainly come for this serious Federal commitment to a unified and comprehensive mass transit assistance program.

Certain factors particularly argue for the comprehensive approach to mass transit assistance contained in this legislation. Foremost among these are future energy conservation requirements and the continuing pressure on urban governments to meet Federal environmental protection standards. Recent experience with the petroleum energy shortage and past trends in fossil fuel exploitation suggest that now it would be prudent for our Nation to pursue more efficient means of transportation. But how can anyone expect the American public not to drive their cars when, in most cases, they have little or no alternative?

The urgency of the situation is intensified by the recent announcement of the Environmental Protection Agency that the parking regulations issued with the aim of cutting down automobile commuter travel, and, consequently, air pollution levels, will be enforced. In the abstract, the regulations seem quite workable, but in the absence of transportation alternatives, compliance with these EPA regulations poses a distinct hardship for those employees who must travel to work by automobile.

A well-planned and well-funded program of mass transit construction and operation assistance will get us started on providing a rational and workable alternative to our present reliance upon the automobile.

All responsible projections point to the need for increased funding for urban mass transit. The Department of Trans-

portation has projected capital investment alone, not to mention soaring operating costs, to amount to over \$3 billion annually for the next 15 years, and the U.S. Conference of Mayors has cited the need for an annual funding level of approximately \$3.6 billion over the next 5 years to support mass transit construction and operation.

The committee bill would have approached this funding level, but my colleagues saw fit to acquiesce to the desires of the President in adopting the amendment to cut the authorization by more than \$9 billion to \$11 billion. This cut will force State and local transportation agencies to eliminate many necessary proposed new facilities, extensions, and improvements, or, as an alternative, to fund these projects partially, waiting and hoping for more money at a later date.

The allocation of this funding over a sustained 6-year period, however, will have the benefit of providing the State and city transit planning agencies with a stable skeletal framework within which to raise the necessary bond revenues. No longer will they be left high and dry, without the Federal commitment. Instead, I am sure that we will begin to see rationally planned approaches to our urban transportation problems.

No one will deny that such a program is expensive. Even if it were funded at the 6-year level of \$20 billion, State and city commissions would not have enough money to build and operate many of the projects that are so desperately needed. But when the expense is placed in the context of, and viewed in comparison to, the many years of direct and de facto subsidization of automobile travel, it is not so staggering. While opponents of this vital legislation once again cloaked their opposition in the rubric of fiscal austerity, we must not allow them to once again succeed in altogether strangling a program that is truly in the interest of all of our people, providing direct benefits in terms of providing transportation to those who live in the city and revitalizing urban centers with industry and jobs. Therefore, I supported passage of this legislation not for its inadequate funding level, but for the framework which it establishes.

In reviewing the provisions of the committee bill, however, I found myself in disagreement with section 506, which would have exempted projects funded under the act from the requirements of the National Environmental Policy Act, substituting the unilateral judgment of the Secretary of Transportation for the indepth environmental, economic, and social impact studies of the proposed projects conducted by independent engineers and subject to the scrutiny of public opinion. It seems to me that this provision would have had the undesirable effect of removing public transit decisions from the public eye, thus foreclosing the possibility of informed consideration of alternatives to the proposed project. In this regard, I commend the House for its wide support of the amendment to strike this exemption from the bill.

Finally, while I hope that the cut of the authorization because of the Presidential veto threat does not establish a dangerous precedent for the near future, the passage of the Federal Mass Transportation Act of 1974 is a most significant step forward for urban mass transportation.

#### A STRONG "NO" TO PRICE MONITORING

**HON. JOHN H. ROUSSELOT**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ROUSSELOT. Mr. Speaker, on February 4, 1974, the Wall Street Journal published a column by Prof. C. Jackson Grayson, who served as chairman of the Price Commission during phase 2, in which Dr. Grayson called for the complete abolition of wage and price controls. He made it clear at that time that his warning extended to the establishment of any so-called standby or monitoring agency because—

If such an agency were created, . . . it would be under continual pressure to reimpose controls, totally or selectively. The monitors would find it almost impossible not to take "action" (direct controls or jawboning) even when price increases represented pure demand shifts. Prices would be determined as much by politics as economics.

I know from firsthand experience that allocations by the marketplace are far superior to any centrally directed system, and are most consistent with personal freedom.

It's easy to get into controls, but as we are now witnessing, hard to get out. It is time to act with courage. Let's get out, and let's get out completely.

There was reason for encouragement that Dr. Grayson's advice might be heeded when on April 5, 1974, the House Committee on Banking and Currency voted decisively to table three proposals for extension of the Economic Stabilization Act. However, recent days have seen the Nation slip back toward controls, with the imminent establishment of a new monitoring agency, the Council on Price and Wage Stability.

Today's Wall Street Journal contains another timely article by Dr. Grayson, entitled "A Strong 'No' to Price Monitoring," in which he argues, as I have argued, that the new agency will contribute little to fighting inflation and that it may even be counterproductive.

The full text of Dr. Grayson's column follows:

#### A STRONG "NO" TO PRICE MONITORING (By C. Jackson Grayson, Jr.)

There seems little doubt that the proposed wage-price monitoring agency will pass Congress easily, be signed, and in operation in a matter of weeks.

The near-term results: The agency will increase (falsely) expectations that the solution to inflation is closer. It will do little to stop inflation. In fact, it will increase some wages and prices and will prevent decreases. It will possess power. It will take action.

The longer-term results: It will be harmful to the operation of the competitive mar-

ket system. It will increase the odds of future mandatory wage-price controls. It will assist a growing movement toward national economic planning.

All of that? After all, the agency is just a "monitoring" group. It will have no subpoena power, no mandatory powers, and a budget of only \$1 million. To improve collective bargaining and encourage price restraint, it will simply "review and analyze capacity, demand and supply . . . work with labor and management in sectors having economic problems . . . improve wage and price data bases . . . monitor the economy as a whole." Who could be against that?

Very few. The bill is going through Congress with amazing speed. Business, labor, the administration, and Congress on both sides of the aisle are either for it, neutral, resigned to it as a tranquilizing political expedient or accepting it as a lesser of evils. On the surface, it seems innocuous and even logical.

But, based on my experiences as chairman of the Price Commission, I want to point out some political, institutional and economic realities and issue some warnings about the agency. I don't think it will be as benign or cosmetic as many think it will be. What you see isn't what you'll get.

#### POWER AND PRESSURE

First of all, don't be deceived because the agency won't have powers to subpoena records or veto price-wage increases. It will have tremendous power in the form of jawboning, or as they say in Britain, "ear-stroking." The persuaders come in gentle and not-so-gentle forms of pressure. Public hearings can be hinted at or called. Public condemnation can be expressed in the media. Officials can be called to the White House for a public or private "dressing down." Requests can be made to congressional committees to hold investigations. Administrative action can be threatened in other agencies; export controls, import relaxation, delay of decisions, procurement changes and stockpile releases. News conferences can be held; speeches can be put in congressional hands.

Deplorable in the American sense of fair play, these tactics have all been used in varying degrees by past administrations. The effect is to heighten antagonism between the public and private sector, with the public increasingly led to believe that union leaders are all greedy and that businessmen are all price gougers. It doesn't take a government agency to initiate these tactics, but they will be more organized, more frequent and more visible with the agency in existence.

And make no mistake about it, this agency will take action. A common assumption is that this is only a monitoring, not an action agency. Not true! "Action" doesn't have to mean a direct order. The agency can influence other agencies to do that. Moreover, monitoring and reporting is not passive any more than a chaperone with a camera in her hand saying to a couple, "Go right ahead. Don't mind me." What is, and what is not, reported creates public opinion and action.

Reporters will camp on the agency's doorstep: "What about this wage increase in the XYZ industry?" "What about these high profits?" "Are you going to recommend export controls?" "Why not?"

It's a fact of political life that action will be forced on the agency because it exists. Even if the problems weren't apparent, such an agency would find some. You can find problems anywhere, any time, in any labor or business organization, and particularly with a bright, energetic staff that won't sit around. It will be a new agency with excitement that will attract good economists and lawyers, who will regard it as their duty to hit somebody, somehow. Many of these people will be "control-oriented," with little direct business or labor experience and un-

sympathetic to the competitive market system. They will urge action.

It will raise false expectations. And when it proves unable to check rising corn prices, or steel prices or coal miners' wages, public disillusionment will follow, with the cry increasing for more immediate, even stronger measures. Then it will be said that the agency must be given additional powers to enable it to "do its job." Authority for the 1971-74 controls came from a simple amendment by Congressman Reuss to another piece of legislation. No one expected this to turn into 33 months of mandatory controls. But political pressures forced the action.

It isn't good economics. Controls seldom are.

The agency has to go after the larger individual wage and price increases. But not every large wage and price increase is wrong, or inflationary. The increase may represent demand and supply shifts. Yet political pressure on the agency may force it to act, with the same distorting result that mandatory controls generate. Shortages and investment in capacity may actually worsen, not improve.

The mere creation of the agency, moreover, will ratchet up some wages and prices for fear of coming mandatory controls. I know from direct experience that this has already occurred as a result of the discussions these past few weeks. Soon "guidelines" are likely to emerge. Business and labor will infer what is regarded by the agency as being within the government tolerance zone. It certainly won't be 5.5% or 2.5%, those famous figures from the past; new percentage yard markers will be created. And, as with direct controls, these will be taken not only as ceilings but also as floors.

The agency will tend to operate in the short-run. Its expiration date of June 30, 1975 cries for action now. And generally short-run action is bad economics, which is part of the reason we are where we are now.

If general inflation has not cooled significantly by next spring, there will be even more of a desire to "do something," and then the "something" must be stronger, not weaker. To say it can't happen is to ignore the fact that we dropped controls—and the proposal for continuing the Cost of Living Council as a monitoring agency—only four months ago. And here we are again.

Clearly, my belief is that the agency should not be created at all. But at this point, holding this conviction is about as effective as spitting into the wind. Therefore, my recommendations concern alterations, either before or after passage of the bill, plus some alternatives.

First, don't give this agency any additional powers, now or in the future. If this occurs, we will clearly be on the road to direct wage-price controls.

Second, don't put heavy reliance on this agency to fight inflation. The danger is that existence of this stopgap agency will reduce pressure to engage in tough, fundamental decisions. Reducing the federal budget, for example, is a basic way to fight inflation. But it will be tough going when Congress and the Executive get down to specifics. Any reduced pressure or zeal because of the existence of this agency would be a real loss.

Public statements notwithstanding, the public will tend to hold this agency accountable for every wage or price increase, and for every jump in the consumer or wholesale price index. The Price Commission surely was, and the proposed names for this agency—"Cost of Living Task Force" or "Council on Price and Wage Stability"—invite similar responsibility.

## LOCATING THE AGENCY

Third, reconsider the location of the agency. It is now destined for the Executive Office of the President. I recommend instead that it be a quasi-independent agency, reporting directly to Congress (as does the GAO), or to both the Congress and the Executive Branch (as does the ICC). Location within the Executive Branch exclusively will constrain its activities and effectiveness for two reasons:

Every time this agency involves itself in a wage or price increase, the prestige and power of the Oval Office is somewhat at stake. If the agency loses a battle, say in forestalling a labor settlement or in not reducing a well-publicized price increase (as happened recently with President Ford and GM), the President stands to lose. Either the agency will tackle only those cases it is sure it can win, or the President will be forced to get the mandatory authority to back it up.

The agency should analyze and report on practices, laws, and procedures that contribute to inflation, not only in the private sector but also in the public sector. If the agency is based solely in the Executive Branch, it is not likely to recommend any action contrary to the administration's position, nor to criticize the Executive Branch for failure to act. For the same reasons, I think it would not be well placed in the Council of Economic Advisers, also a part of the Office of the President. If it reported to Congress exclusively, the same problem exists, although it is lessened because of the mixed constituencies.

My preferred solution would be to report to both groups. Thus it might take on the character and respect that is accorded the independent British Institute of Economic Affairs, but with access to government resources.

As a final shot, let me propose two alternatives to a separate agency, that might be adopted now or later.

Let the President formally assign this responsibility for coordinating economic policy directly to his Cabinet, most of whom are members of the proposed agency anyway. The Cabinet needs revival anyway as a national management team. Make the Vice President the counsellor to the President for economic affairs, and put him in charge of this function so that he would have the clout to influence economic policies across the entire Executive Branch.

Also, begin work now to revive the proposed Department of Economic Affairs. There is often fragmented and inconsistent economic policy making and a lack of accountability. The new department would gather together various branches now residing in Transportation, Commerce, Labor and others. This would require coordinated effort from both the Executive Branch and Congress to overcome established patterns and vested interests.

## RINGING AN ALARM BELL

In summary, I do not argue my position as a blind, free-market ideologue, nor on the principle of nongovernmental interference in the marketplace. Government does have a role in our economic system. In fact, I am very much encouraged by the economic philosophy expressed by President Ford in his address to Congress and by the recent budget control procedures instituted by Congress.

I am ringing an alarm bell on this particular issue because I know from my personal experiences that the proposed monitoring agency can be misinterpreted, misused and can prevent us from fighting inflation at the point where the real battles need to be fought.

The real control over this economy in  
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the long run must not be invested in Congress, the Executive Branch or any monitoring agencies, commissions or planning boards. It must rest in business and labor and the public in the private sector with two of the most powerful inflation fighting tools ever designed by man—competition and productivity.

## SIXTH ANNIVERSARY OF THE SOVIET INVASION OF CZECHOSLOVAKIA

## HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HUBER. Mr. Speaker, it is indeed sad to again note the sixth anniversary of the brutal invasion of Czechoslovakia. The continued presence of Soviet troops in that country violates every realistic hope for peace in Europe and the inherent right of the Czech nation and people to self-determination. It is ironic, in my view, that we speak of "détente" with Soviet occupation troops still in Poland, East Germany, Hungary and Czechoslovakia.

It is further outrageous that the Soviet Union, which has made a great point of the "inviolability of frontiers" at the European Conference on Security and Economy continues to proclaim the right to aid "progressive" forces throughout the world regardless of anyone's frontiers, but when talk of freer communication with the Communist States is brought up the Soviets always state that they are not going to permit any ideas alien to Marxism-Leninism to circulate behind their frontiers.

It may be recalled that the Communist Czech Government in 1970 and 1971 attempted to blackmail her former citizens who fled after the 1968 invasion by tracking them down abroad and asking for \$190 in U.S. currency for legal fees for defending them for the crime of leaving Czechoslovakia without permission. They were further informed that in all probability they would be convicted and sentenced to a jail term of from 6 months to 5 years for this offense and that in addition their property would be confiscated. They were further advised that the only way they could avoid these consequences was to return immediately or get their passports extended if they had one. Bad publicity in the press of the free world resulted in this repressive measure being canceled. The present Government of Czechoslovakia, however, is still seeking some of the same things, however, in a little more subtle manner. The Czechs living abroad are asked to legalize their stay abroad by paying \$5,000 as "reimbursement for educational costs." This is, of course, the same ploy that the U.S.S.R. uses on its citizens that want to leave. Such payment theoretically entitles them to have their status changed from "nonpersons" to "persons" with the right to visit Czechoslovakia or have relatives visit them.

Thus, the present Communist Government of Czechoslovakia continues the

same nefarious practice by another means. One can only sympathize and hope that Czech people can indeed really be free as they once were in between the two World Wars as we again observe this sad anniversary.

## UTILITY-BANK INTERLOCKING DIRECTORATES

## HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HARRINGTON. Mr. Speaker, everyone recognizes the overwhelming significance of inflation for the well-being of our society, but it seems that few are willing to look for new explanations of its source. In this regard, it is my contention that it would be useful to consider the effects of the concentration of economic power through direct and secondary interlocking corporate directorships.

The Subcommittee on Budgeting Management and Expenditures of the Senate Committee on Government Operations, chaired by Senator LEE METCALF, is in the process of examining corporate interlocks to determine the extent of statutory violations or distorted interpretations of existing law which permit the existence of interlocks in transgression of the original intent of Congress in enacting restrictive legislation.

Particularly suspect is the large number of primary interlocks between utilities and banks which has been permitted by a loose interpretation of the Federal Power Act and the Public Utility Holding Company Act by both the Federal Power Commission and the Securities and Exchange Commission—both supposed "regulatory" commissions for the public interest.

On August 14, I had the opportunity to testify before the subcommittee on this subject, and hope all of my colleagues will consider the substance of my testimony, in a broader sense, and consider the implications of interlocks and economic concentration for the inflationary situation confronting the country today.

The testimony follows:

TESTIMONY BY HON. MICHAEL J. HARRINGTON

Mr. Chairman, I would like to thank you for the opportunity to appear today to testify on utility-bank interlocks. Before beginning, I would like to commend both the Subcommittee on Budgeting, Management and Expenditures and the Subcommittee on Intergovernmental Relations for the ground they have broken with the publication of the report on the Disclosure of Corporate Ownership. The report makes a significant contribution to our understanding of just who controls our major industries and economic enterprises.

I would like to limit my remarks this morning to one rather specific topic—interlocking directorates between public utilities and banks. Given the tremendous growth in the need for new plant capital by electric utilities and the increasing necessity of utilities to rely on debt, rather than equity, financing, I believe it is important to take an in-depth look at the degree of concentra-

tion that exists between banks and utilities at the board of directors level.

Any examination of this topic must begin with a look at two statutes—the Federal Power Act and the Public Utility Holding Company Act.

Section 825d of the Federal Power Act reads as follows:

(b) After six months from August 26, 1935, it shall be unlawful for any person to hold the position of officer and director of more than one public utility or to hold the position of officer or director of a public utility and the position of officer or director of any bank, trust company, banking association, or firm that is authorized by law to underwrite or participate in the marketing of securities of a public utility, or officer or director of any company supplying electrical equipment to such public utility unless the holding of such positions shall have been authorized by order of the Commission upon due showing in form and manner prescribed by the Commission, that neither public nor private interests will be adversely affected thereby.

Section 17(c) of the Public Utility Holding Company Act also contains a prohibition against utility bank interlocks. It reads as follows:

(c) After one year from August 26, 1935, no registered holding company or any subsidiary company thereof shall have, as an officer or director thereof, any executive officer, director, partner, appointee, or representative of any bank, trust company, investment banking, or banking association or firm, or any executive officer, director, partner, appointee, or representative of any corporation a majority of whose stock, having the unrestricted right to vote for the election of directors, is owned by any bank, trust company, investment banker, banking association or firm, except in such cases as rules and regulations prescribed by the Commission may permit as not adversely affecting the public interest or the interest of investors or consumers.

These are the statutes that govern utility-bank interlocking directorates. While these would seem to be rather restrictive statutes, an examination of the boards of directors of utilities and utility holding companies reveal otherwise. There are 17 registered holding companies in the United States with 689 men serving on their boards or the boards of their subsidiaries. Of these 689, 240, or 35 percent, also serve on the boards of directors of banks. Leading the holding companies is Middle South Utilities, Inc., 65 percent of whose board members serve on bank boards. Next comes the Southern Company, 58 percent of whose members serve on banks. The holding company with the smallest interlock percentage, American Electric Power, still has a 15 percent interlock ratio.

In my own area, the New England Electric System has 18 directors interlocked with banks—35 percent of the company's total. Ten of Boston Edison's 14 directors (70 percent) serve on the boards of banks.

Coupled with additional interlocks between leading investment houses, insurance companies, and law firms, there is an intense degree of concentration of economic power and control revolving around our banks and utilities.

Last year, I was involved in a case before the Securities and Exchange Commission regarding the sale of three gas companies from New England Electric to Eastern Gas and Fuel.

As part of the intervenors' case, Professor John M. Kuhlman of the University of Missouri's Economics Department, and an expert on corporate concentration, prepared some charts outlining the interlocks between major Massachusetts utilities, banks, and law firms. These charts, which I would like to

submit for the Record, reveal an intricate spiderweb of associations between Massachusetts' most power economic concerns. Through direct, secondary, and tertiary interlocks, New England Electric is connected with 31 other utility companies, and 37 banks, insurance companies and law firms. Boston Edison is connected with 23 utilities, financial institutions, insurance companies and law firms.

Do these intricate interlocks have any adverse impact on the public? Professor Kuhlman testified that they do. He stated:

Q. Can interlocking directors lead to something less than arms-length bargaining?

A. Yes. It is certainly possible that a person serving as a director of two companies transacting business with one another will have information with respect to both firms that he should not have if bargaining is to take place in a proper environment. The same situation might prevail if two business associates served on the boards of companies transacting business with one another. Thus, two officers in a bank might have knowledge regarding a transaction between two companies of which they are directors which, if shared, would impair the bargaining process.

Q. Can you give an example of an interlocking director and a conflict of interest?

A. Yes. If officers or directors of a bank are also directors of a utility company, for example, they may have access to information which might provide them with a strong incentive to change the portfolios in the bank's trust accounts.

Q. Are you citing these as dangers of interlocking directors?

A. Yes. I'm not saying they will happen. I am saying that interlocking directorates may create a conflict of interest. They may create instances in which one party has an unwarranted access to information. These dangers are in addition to the increased concentration of control. And certainly it was these dangers that led Congress to restrict interlocking directorates.

An examination of the business practices of New England Electric and Boston Edison reveal that transactions are taking place between the utilities and the banks they are interlocked with. New England Power, a NEES subsidiary, has two bank loans outstanding in 1973—\$17.7 million for the First National Bank of Boston, and \$2.5 million from the Worcester County National Bank. Both of these banks have representatives on NEES' board of directors.

Five of the ten banks represented on Boston Edison's board loaned the company \$40 million last year, \$27 million of this total was lent by the First National Bank of Boston.

The chairman of the First National Bank of Boston, Richard Hill, himself admitted that bank utility interlocks create a potential conflict of interest, but maintained that the conflicts do not materialize because of the high level of integrity of the men involved. In an interview with David Rosen, of United Press International on August 7, 1974, Hill defended interlocking directorates as necessary because of the limited number of people in New England with financial abilities adequate to represent stockholders' interests.

Having examined the two statutes, and having examined the situation as it actually exists, the question naturally arises: how can the two be reconciled? On July 3, I wrote the Chairman of the FPC and the SEC to discover the answer.

According to the answer I received from FPC Chairman John Nassikas, which I submit for the Record, the FPC has interpreted the interlock provision, which originally was contained in Title II of the Public Utility Act of 1935, to mean that only directors of banks, trust companies, banking associations that are authorized by law to underwrite or participate in the marketing of securities

of a public utility are prohibited from serving on the boards of public utilities.

On October 22, 1935, the FPC asked the Comptroller of the Currency to advise it what banks, trust companies, or banking associations were authorized by law to underwrite or market securities, and two days later on October 24, 1935, the Comptroller of the Currency wrote back that no banks, trust companies, or banking associations in the United States are authorized by law to underwrite or market securities of utilities.

Therefore, for forty years, the Federal Power Commission has permitted all utility-commercial bank interlocks.

The SEC on the other hand, whose prohibition was contained in Title I of that same act, rejected the interpretation of its provision that only interlocks between underwriters or securities marketers were forbidden. However, beginning in 1936 and existing through 1966, the SEC has on 10 occasions, amended its rules to provide exemptions from the prohibition. Under the present SEC Rule 70, the exemptions fall into three main categories:

(1) A full time employee of a utility may serve as a director of a bank. Thus, the Chairman of the Board of New England Electric, Robert Krause, who also serves on the board of the First National Bank of Boston, is exempt under the full time employee rule.

(2) Board members of small banks with capital and surplus not in excess of \$2.5 million are exempted from the prohibition. This is a relatively insignificant exemption which affects only 38 of the 240 holding companies interlocking directorates.

(3) Directors of banks having offices within the service areas of the utility or its subsidiaries are exempt. This is the most significant exemption, accounting for 162 of the 240 exemptions granted by the SEC.

Have the FPC and the SEC, in their interpretations of the prohibitions against bank-utility interlocks contained in the Public Utility Act of 1935, violated the mandate of the Congress?

An examination of the legislative history of the Act prepared by the SEC's Division of Corporate Regulation, which I submit for the Record, and a concurrent study by the Library of Congress' American Law Division, both reach the conclusion that the legislative history of the act is vague and ambiguous. While the debate over public utility abuses focused largely on the excesses of investment bankers, it is also clear that, at least the Title I, prohibition addressed itself to commercial, as well as investment bankers.

In my opinion, an effort should be begun to revise the FPC's and SEC's policies to restrict bank-utility interlocks, rather than broaden them as has been the case historically. This Committee has done pioneering work in revealing the extent of corporate concentration in this country. We ought now to begin to move in the direction of broadening and diversifying economic control of major corporations.

It is my intention to request the FPC and the SEC to hold public hearings on the interlock question with an eye toward tightening up the restrictions and eliminating some of the exemptions. I would welcome any support which this Committee might wish to give to this effort.

However, I realize that the agencies may be unwilling to reverse a course they have taken over the last 40 years.

Therefore, I will also prepare legislation prohibiting any bank and utility sharing a common director from transacting business together, and would appreciate any help, advice, or support which this Committee or its members might wish to offer.

I strongly believe there is a need for prompt action on this subject. As the stock of

utilities has continued to decline in value, utilities have been forced to rely far more on short and long term debt financing—the kind provided by commercial banks. In order to assure that these loans are negotiated on an "arms length" basis, it is important that utilities and the banks lending them money should not share common directors.

The United States is presently in an era of great economic uncertainty. Confidence in our major economic institutions is low. If we are to restore confidence in our system's ability to fairly allocate resources and maintain our standard of living, we must disseminate economic power to a broader cross section of the economic community than is now the case. Far too much of our economic power is in the hands of a relatively small group of individuals serving on the boards of banks, utilities, insurance companies, oil companies, and other major industries. And I reject the notion, alluded to by Mr. Hill, that only a small handful of people possess the necessary qualifications to serve on utility boards.

Hopefully, the rather narrow contribution I have made today on the subject of bank utility interlocks will serve a useful purpose in bringing to light one aspect of the overall problem of economic concentration and the disclosure of that concentration.

**FORMER UNDER SECRETARY OF STATE GEORGE W. BALL ASKS CUTOFF OF MILITARY AID TO TURKS**

**HON. JOHN BRADEMAs**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BRADEMAs. Mr. Speaker, yesterday, August 20, 1974, the distinguished former Under Secretary of State, George W. Ball, in testimony before the Foreign Affairs Committee of the House, urged Congress to halt U.S. military aid to Turkey in order to strengthen the position of our country in any further negotiations on Cyprus.

I insert at this point in the RECORD an article from the Washington Post of August 21, 1974 concerning Mr. Ball's statement:

**GEORGE BALL ASKS CUTOFF OF MILITARY AID TO TURKS**

Former Under Secretary of State George W. Ball yesterday strongly urged Congress to cut off military aid to Turkey as a way of strengthening Washington's position in upcoming negotiations on the future of Cyprus.

"The only way the United States can reestablish any useful position in the situation," Ball said following a meeting with the House Foreign Affairs Committee, "is by making it clear to the Turkish people—and particularly to the Greeks—that it regards the present posture of a large Turkish force on Cyprus as totally unacceptable."

Ball said: "We have to reestablish our position of confidence on the part of the Greeks to show that we are not behaving in an anti-Greek, pro-Turkish way. This kind of legislation could strengthen the hand of Secretary [of State Henry A.] Kissinger."

Rep. Benjamin S. Rosenthal (D-N.Y.), who with Pierre S. Du Pont (R-Del.) has cosponsored a foreign aid bill amending cutting off military and economic aid to Turkey until an agreement acceptable to all is reached in Cyprus, said yesterday: "We've got to do something to reestablish our credibility with

the Greek government. You can't offer to mediate as Kissinger has done unless you have some cards."

Ball helped draft the letter that President Lyndon Johnson sent to Ankara in 1964 that is credited with having prevented an invasion of Cyprus by Turkey during an earlier crisis.

**UNEMPLOYMENT**

**HON. CARDISS COLLINS**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mrs. COLLINS of Illinois. Mr. Speaker, the following is the statement that I made to President Ford this morning. One segment of our population has survived statistical inflation: the inner-city unemployment. It seems that their numbers are incapable of exaggeration. The recently released Census Bureau report on the social and economic status of the black population conservatively states that "blacks and other minority-group Americans were twice as likely to be unemployed in 1973 as whites" while economists are calling 1973 a good year. In Chicago, as in many other areas of the country, unemployment has reached astronomically high levels. Unofficial surveys place the unemployment percentage on the West Side of the city—which is located in the district that I represent—at 30 to 45 percent. And yet, that particular area of the city is slated to receive little in the way of Comprehensive Employment Training Act funds. The fact of the matter is, that the entire city will receive some \$15.3 million less in fiscal year 1975 than it received in 1972. Combined with inflation, cuts of this type represent a backpedaling from Federal job training commitments.

In July 1974 the official unemployment rate for black workers was 9.4 percent. But when I return to the West Side of Chicago and see and hear of the masses of discouraged workers who have entered the free market of despair I cannot help but agree with those who maintain that the estimated rate of 45 percent unemployment in that area may be an understatement. To reiterate, economic hopelessness is not uncommon to Chicago's West Side. It is a way of life for millions of disadvantaged people throughout our country.

America must design and implement a system of economic soundness that can effectively tackle problems which incubate in depressed areas with high concentrations of joblessness. The use of existing agencies, such as the Economic Development Administration, would be a viable avenue for support. For example, venture capital funds under this program can be used to purchase land, develop public works projects, and generate seed capital for major developments in substandard communities. The resultant jobs and higher living standards which would arise from such undertakings is apparent.

Mr. President, you came to Congress last week and expressed your desire to work for all Americans. I concur in your

view that "good government clearly requires that we tend to the economic problems facing our country in a spirit of equity to all of our citizens in all segments of our society." In order to achieve this goal and your objective of balancing the budget, I believe that every Federal dollar spent must maximize its benefits.

Such maximization has a greater probability of occurrence only if the Government increases its support of social programs that will economically strengthen America's needy populace. To do less would be to further encourage the ills from which our society has tried for the last decade to escape.

**SHAWANO, WIS., CENTENNIAL**

**HON. HAROLD V. FROELICH**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. FROELICH. Mr. Speaker, the city of Shawano, Wis., is presently celebrating the 100th anniversary of its incorporation. I am proud to take this opportunity to congratulate the residents of Shawano and to wish them continued success in their next 100 years.

Shawano, located on the banks of the Wolf River, is the county seat of Shawano County in northeastern Wisconsin. It lies south of Shawano Lake and the once and future Menominee Indian Reservation. The community was named after the lake which the Indians called "Sha-Wa-Nah-Pay-Sa" or lake to the south.

As with many other communities in northern Wisconsin, Shawano's beginning and continued growth was intertwined with the growth of the logging industry. Shawano was founded when men moved northward in their continued quest for lumber 131 years ago.

When the city was incorporated 31 years later, it boasted of five churches and three saloons. Despite the fact that the livelihood of the city was still deeply entrenched in the logging industry, signs of persistent growth and diversification had appeared. Merchants, millers, blacksmiths, and attorneys prospered. The inception of the daily stage line made Shawano easily accessible to surrounding communities, and under such auspicious beginnings, Shawano began to flourish.

Today, Shawano is a city of more than 6,400. Her surrounding countryside remains unblemished; yet she is the home of several industries, among them knitting, paper, and dairy. The energy and spirit of her people are justifiably commendable, having made Shawano what she is today.

I join the people of Shawano, Wis., in the commemoration of their 100th anniversary and congratulate them on having reached this magnificent landmark in their community's history. The citizens of Shawano receive my warmest wishes for continued prosperity as they pass from a history of accomplishment to a future of additional achievement.



THE DAILY TIMES OF NILES, OHIO,  
CELEBRATES ITS 50TH ANNI-  
VERSARY

**HON. CHARLES J. CARNEY**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. CARNEY of Ohio. Mr. Speaker, the Daily Times, published by Niles Suburban Newspapers, Inc., Niles, Ohio, celebrated its 50th anniversary on Sunday, August 11, 1974. Beginning on Saturday, August 10, the Daily Times had a 5-day birthday party to celebrate the occasion.

The anniversary celebration included a special historical section in which the top stories reported by the Daily Times each year during its five decades of publication were summarized; a brunch for Daily Times employees and their families sponsored by Publisher L. W. Stauffer; public tours of the Daily Times building so that interested persons could see how their newspaper is produced; a dinner sponsored by the Niles Chamber of Commerce, and a proclamation from Mayor William A. Thorp declaring August 10-17, 1974, as Daily Times Week in honor of all those responsible for the newspaper, and also in recognition of the important role the newspaper has played in the growth and prosperity of the city.

Because of the city of Niles' proximity to the city of Youngstown and the city of Warren, Ohio, establishing and maintaining a successful newspaper has not been easy. However, the Daily Times has succeeded where many others have failed. The combined circulation of the Daily Times and six weeklies has now reached 25,000, and the Daily Times is read in 8,000 homes each day.

The two men who have guided the Daily Times through 48 years of its 50-year existence are former Publisher Milton I. Wick, and the current publisher, Mr. L. W. Stauffer. Executive Editor Lloyd R. Stoyer, and Promotion Director Gordon Anderson have done an outstanding job of expanding circulation and improving the quality of the newspaper in recent years. In a broader sense, the success of the Daily Times depends upon the hard work and dedication of each and every one of its employees.

The anniversary edition of the Daily Times paid special tribute to 13 men and women whose loyal service to the paper totals 356 years. They are: Harry B. Wick, composing room foreman who has worked for the Times since 1926; Fred Belcastro, pressroom, who came to work in 1933; Nick Zuzolo, composing room, October, 1940; Paul Clare, assistant pressroom foreman, hired in 1945; Gordon Anderson, promotion director, March, 1946; Jean Powers, composing room, September, 1947; Ray Wheeler, composing room, December, 1947; Jim Dorchock, composing room, 1950; Jack Maselli, composing room, November, 1950; Mike Varveris, editorial department, 1951; Agnes Lopatta, society editor, 1953; Marge Mollica, accounts re-

ceivable supervisor, 1955; and, Donna Kay, business manager, 1956.

Also featured in the special anniversary edition of the Daily Times were: Mrs. Samuel Law, who set type a letter at a time for the Niles Daily News at the turn of the century; Mrs. Oliver Martin—former Winifred Glay, the earliest known employee of the Daily Times and a "Jill of all trades"; and, Mr. Clyde Teeple, who worked in the composing room of the Daily Times for 42 years before retiring in 1971.

Mr. Speaker, I want to take this opportunity to extend my sincere congratulations and best wishes to everyone associated with the Daily Times on the newspaper's 50th anniversary. I know that the Daily Times will continue to progress and prosper in the years ahead under the able leadership of Publisher L. W. Stauffer and Promotion Director Gordon Anderson.

Mr. Speaker, I would like to insert the Daily Times' 50th anniversary editorial in the RECORD at this time:

THE DAILY TIMES 50TH ANNIVERSARY

Celebration of the 50th anniversary of the Daily Times is your party, a tribute to the independent spirit of the people of Niles. You evidently want your views expressed, you want the news of Niles on the front page, you want our City to count in governmental decision making, and so you read our local paper and patronize our advertisers.

Only because of your support have our newspapers grown and improved over the half century of our association.

Niles had had no daily paper for a year, when a newspaper chain installed a press and brought forth the first edition of the Daily Times on Aug. 11, 1924. It was not successful in the beginning and was within two days of becoming a weekly when it was bought by a group of men headed by James L. and Milton Wick. Since then it has grown gradually, but steadily.

Published now by L. W. Stauffer, the Daily Times heads a group which also includes six suburban weekly newspapers throughout the Mahoning Valley.

Throughout the vicissitudes the character of the newspapers have been molded by the same forces that shaped Niles and its environs in Howland, Weathersfield and Lordstown Townships. Situated between the larger cities of Warren and Youngstown, both the newspaper and the area whose center is Niles have had to fight for identity. In the process, both have developed a fierce local pride.

Possession of a local newspaper entirely devoted to its interests has given Niles influence in County, State and National affairs. The Niles newspaper for instance was among the first in the country to suggest William McKinley, our native son, for President.

Nobody knows how many articles from the Times have been printed in the Congressional Record, quoted in debate in the Ohio Legislature, and discussed in the Trumbull County Court House. The importance of a local "voice" can hardly be over-emphasized.

There is a story about an editor who lived in a rooming house. One day he got into an argument with his landlady about the potato crop. She said it was a poor year for potatoes, and he thought there would be a bumper crop. When he got to the office, he wrote an editorial hailing the exceptional potato season.

The next time he saw the landlady, she apologized for her opinion. "I was wrong", she said. "This will be a great year for potatoes. I read it in the paper."

We do know that the printed word has weight and substance. Heading now for 100

years, this solid thriving newspaper in partnership with the solid thriving community of Niles will strive for ever greater accomplishment together.

INTERLOCKING DIRECTORATES IN  
BOSTON PROBED

**HON. MICHAEL HARRINGTON**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. HARRINGTON. Mr. Speaker, on Sunday, August 18, the Boston Globe carried two articles about the investigation of interlocking directorates being carried on by Senator METCALF's Subcommittee on Budgeting, Management, and Expenditures and by reporters for the Globe.

As I pointed out in my testimony before Senator METCALF on August 14, this is a question of overriding importance. To restore confidence in our system's ability to fairly allocate resources and maintain our standard of living.

Mr. Speaker, it seems to me that this issue deserves the attention of the Congress, and that these articles deserve the attention of my colleagues. Therefore, I would like to insert them in the RECORD at this time.

The texts follow:

INTERLOCKING DIRECTORATES IN BOSTON  
PROBED

(By Stephen Wermiel)

WASHINGTON.—An elaborate system of interlocking directorates between the First National Boston Corp. and major utilities, banks and insurance companies in New England has been revealed by a US Senate subcommittee probing corporate disclosure practices.

The subcommittee, chaired by Sen. Lee Metcalf (D-Mont.), is conducting a preliminary inquiry, which it hopes will lead to legislation requiring the nation's businesses to report in greater detail who owns their stock and who sits on their boards of directors.

In May the subcommittee got the views of the Federal Trade Commission. A public hearing last Wednesday centered on New England. The Minneapolis banking-corporate scene will be scrutinized next. And, eventually, the subcommittee will look at New York banks and their relations with the major corporations and utilities.

According to E. Winslow Turner, chief counsel to the Senate government operations subcommittee on budgeting, management and expenditure, and author of the study of the First National Boston Corp. (parent company of the First National Bank of Boston): "The chart we have developed shows the holding company . . . directly interlocked with five large insurance companies with home offices in Boston, with major electric utilities, with the telephone company and with at least four major producers and employers.

"We are just beginning to look into the impact of these interlocks," said Turner, emphasizing that no allegations of wrongdoing have been made.

Interlocks develop when a member of one board of directors (First National Boston Corp. in this case) also sits on the board of other institutions and corporations. Such relationships are called "primary interlocks" while "secondary interlocks" occur when the relationships expand to include directors

from companies once removed from the initial board of directors.

The thrust of Turner's study is that First National Boston Corp. shares directors with major institutions competing with it in providing financial services to business, government and the public.

In secondary interlocks, Turner noted there are 15 indirect overlaps between First National Boston Corp. and the National Shawmut Bank, one of the leading Boston competitors of the First National Bank of Boston.

"We are talking about effective corporate disclosure to the public," said Turner. "There will be more hearings in this area, probably in the fall, aimed at legislation to insure the full reporting of interlocks."

Turner said: "What we want to do is lay out the interlocks and study areas of potential abuse."

The concerns center on two areas:

(1) The possibility that directors in common among competing institutions leads to anticompetitive attitudes and practices.

(2) The high concentration of economic power and influence that develops through interlocks may not be in the public interest.

"We are not alleging anything about First National (Boston Corp.) directly," said Turner, "but we have seen in the past potential problems with the concentration of economic power and anticompetitive policies."

"First National is the largest bank holding company in the New England region and would obviously have considerable impact on the region," he said.

According to Turner's study, the corporations that share directors with First National Boston Corp. include: Massachusetts Mutual, John Hancock, New England Mutual, Liberty Mutual and Arkwright-Boston, each an insurance company and competitors in money lending; the New England Electric System and Boston Edison, second and third largest power companies in New England; New England Telephone; Cabot Corp., Polaroid, Raytheon, USM Corp. and Gillette—all major industrial employers; and Arthur D. Little, the Cambridge think-tank.

In addition to the New England corporations, other interlocks include: Pan American, International Paper, Eastern Airlines, Mitre Corp., Howard Johnson's, Itek and Curtis-Wright Corp.

"What we are looking for," said Turner, "is a means by which we can gain public accountability through utilization of Federal regulatory agencies—if they were to come up with and enforce a plan for disclosure."

One agency campaigning for more disclosure is the Federal Trade Commission. FTC Chairman Lewis A. Engman on May 20 told the subcommittee of his concern that "links between competing corporations, created by representation on the same bank boards, could provide a stimulus and source of capital for anticompetitive mergers, acquisitions, joint ventures and other transfers and combinations of corporate power."

While Turner and Metcalfe expressed concern over public disclosure, at least one legislator, Rep. Michael Harrington (D-Mass.) would like to see legislation restricting the relationships between utilities and interlocking financial institutions.

Said one Harrington aide: "We are drafting legislation to restrict the interlocking relationships so that a public utility may have interlocks but cannot also do business with the interlocking corporations."

Harrington testified Wednesday before Metcalfe's subcommittee and said he would ask the Federal Power Commission and the Securities and Exchange Commission "to hold public hearings with an eye toward tightening up the restrictions and eliminating some of the exemptions" now placed on interlocking directors.

"I will also prepare legislation prohibiting any bank and utility sharing common directors from transacting business together," he said.

He called for a broader dissemination of economic power "to restore confidence in our system's ability to fairly allocate resources and maintain our standard of living..."

Harrington referred specifically to the New England Electric System and Boston Edison. Pointing to diagrams, he said, "These charts... reveal an intricate spider web of associations between Massachusetts's most powerful economic concerns."

"Through direct, secondary and tertiary interlocks," Harrington said, "New England Electric is connected with 31 other utility companies and 37 banks, insurance companies and law firms. Boston Edison is connected with 23 utilities, financial institutions, insurance companies and law firms."

Harrington also referred to an interview several weeks ago with Richard Hill, chairman of First National Boston Corp., in which Hill said interlocks are necessary "because of the relatively small number of people available to be directors."

Responding to the Hill statements, Metcalfe said: "It may be that there are a limited number of people who will favor Mr. Hill's bank and holding company... but I can't believe with all the educational institutions and successful businesses and financial activity in New England, that utilities can't find financial and corporate directors other than the largest bankers."

At the hearing Metcalfe said: "The small businesses, the individual consumers even the state and local governments are not represented on these boards, but these are the people who provide the bulk of revenues to the utilities—while the big business guys get the favored treatment."

In fact, said Metcalfe, he had an aide check the major stockholders in his home state's Montana Power Co. and found the major stockholder to be the National Shawmut of Boston.

#### IT LOOKS BAD BUT REALLY ISN'T, SAY "INTERLOCKED" DIRECTORS

(Globe financial writers Terry Atlas, John Robinson and Susan Trausch attempted to contact directors of the First National Boston Corp. who also are chief executives of major New England Boston companies. Here are the comments of those available for interviews.)

Like the relationship of the dog's bark to his bite, interlocking corporate directorates look more suspicious than the facts warrant, according to a sampling of local executives.

A survey of top Boston businessmen, many of whom would be considered "interlocked" corporate directors, revealed one common view: directors serving on more than one board look bad, especially to nonbusinessmen.

But every executive insisted that corporate boardrooms are free from anti-competitive manipulations or scheming, although each conceded the potential existed.

Richard D. Hill, chairman of First National Boston Corp. and the First National Bank of Boston, reaffirmed his confidence in the system of sharing corporate directors with potential or actual competitors.

He said the integrity of those chosen to serve as directors, the existence of rigorous competition among companies and the protection of our laws combine to prevent a small sector of the economy from exercising abusive economic power through a few interlocked directors.

Furthermore, he said, there is "a limited pool of people with broad business and financial backgrounds who have gone through the crucible of experience."

Therefore, corporations are forced to share the few available men and women for their boards, he said.

Other comments supported this view.

"I think the Senate subcommittee investigation is posing a legitimate inquiry," said J. Edwin Matz, president of John Hancock Mutual Life Insurance Co. He is a Hancock director, and on the board of the National Shawmut Bank.

Hancock's chairman, Gerhard D. Bleicken, serves on the board of First National Boston Corp., and the First National Bank of Boston, but was out of town last week and could not be reached for comment.

"The potential is there for restrictive competitive practices and abuse of financial powers but to my knowledge there haven't been any abuses," Matz said.

"The people involved have worked very hard to see that there are no abuses."

"You have interlocking directorships in this city because companies all want to take advantage of the financial talent available and there are only so many people available. If we were to move in the direction of preventing interlocks, I think it would be bad for business because you just wouldn't have the quality at the top that you have now."

Joseph Carter, president of Wyman Gordon Corp. in Worcester, agreed. He is on the boards of Liberty Mutual Insurance Co., Avco Corp., State Mutual Life Assurance Co., of America and Mechanics National Bank of Worcester.

Wyman Gordon Corp's chairman, Robert W. Stoddard, who serves on the board of the First National Bank of Boston, Raytheon Co. and Worcester County Institution for Savings was out of town and could not be reached for comment.

Carter said: "I've served on boards where members have abstained or refused to vote or removed themselves from the board if they've felt there might be a conflict of interest."

"It seems to me that you have two strong forces running head on into each other today. You've got the push that says a corporation must be responsible to the public and, consequently, must have top quality people on its board making sure that there is this accountability. On the other hand, you've got the camp that says a person cannot serve two masters attempting to limit the availability of these top quality people."

Another reason was cited in defense of bank directors serving on the boards of companies with which they do business. Such a practice, said a bank spokesman, allows a financial institution with a significant investment in a company to monitor the safety of its loan or other form of assistance, thus protecting the interests of not only the bank's shareholders, but its many depositors as well.

Lloyd S. Glidden, Jr., vice president and treasurer of Liberty Mutual Insurance Co., believes stories on inquiries into interlocking directorates might discourage people from serving on boards.

Glidden is not a director and was responding for company president Frank L. Farwell, who was out of town. Farwell holds board memberships with First National Boston Corp., First National Bank of Boston, Boston Edison, USM Corp. and Arkwright-Boston Insurance.

"I think (newspaper) articles on interlocking directorships are very inflammatory and misleading," Glidden said. "I know darn well if I were on the First National board and got a call from a reporter investigating it, I'd start thinking that maybe I shouldn't be serving on the board and wouldn't want to take on any more directorships. There are only so many people in Boston qualified to be directors and they shouldn't be discouraged."

The roots of interlocking directorates are more social than economic, according to

Myles Mace, professor emeritus at Harvard Business School.

Mace, who has written several books on corporate directors, said the same names are seen again and again because "the chief executive officers stick pretty close to the club members they know (when selecting directors)," avoiding outsiders who might "rock the boat."

While there is "too much corporate incest," concern about its effects on a firm's decisions is a "fake issue," he said. A board of directors, he noted, usually has little say over operational decisions.

He was more concerned with the potential abuse of inside information made possible by such conditions. To avoid even the hint of impropriety, a bank officer should not serve on the board of a firm in which his bank has holdings, he said. Likewise, corporate official should not serve on the board of a bank from which it borrows.

"I'm not saying they abuse the power, but it would look a whole lot better if they didn't (serve on those boards)," he said. "It just looks bad . . . you'll never persuade me that when some of those investment banks buy and sell securities, they don't use inside information."

"As long as there is the potential, those who might be suspect . . . ought to choose not to be suspect."

Hill of First National Boston Corp. disputed this notion, although he agreed that "our competing banks probably think that we have a competitive advantage" when the First is represented on a company's board while no other bank is.

Hill, for example, sits on the board of Polaroid, a major First National customer.

Additionally, said Hill, the First would be "disappointed" if a First director's company like Gillette, Ludlow Corp. or Itek, did not do business with the bank.

#### ACLU CHALLENGES DISCRIMINATORY SOCIAL SECURITY PROVISION

### HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BINGHAM. Mr. Speaker, on June 13, I introduced legislation to eliminate from the social security law a provision which discriminates against men. It would allow any surviving spouse to obtain social security benefits based on the higher of the two spouses' income histories. Under present law only a widow can do so.

I include herewith, from the August 16 edition of the New York Post, an article describing a judicial attack on this invidious discrimination by the ACLU on behalf of a widower who has been denied social security benefits because of his sex:

#### SUIT SEEKS BENEFITS FOR WIDOWERS

The American Civil Liberties Union has challenged as discriminatory the Social Security regulations that deny most widowers the right to collect their wives' benefits. Surviving wives can collect when their husbands die.

In a suit filed yesterday in Brooklyn Federal Court, the ACLU asked a three-judge panel to rule on the constitutionality of the two regulations and to block their enforcement.

Under present regulations, a widow may

claim her husband's benefits, but a man is barred from collecting his dead wife's payments unless she was providing more than half his support when she died.

The suit was filed on behalf of Leon Goldfarb, 70, of Bellerose, L.I., who ACLU attorney Kathleen Paratis charged, "is denied widowers' benefits solely on the ground of his sex." His wife, Hannah, died in 1968.

Goldfarb, a federal employee for 37 years, was ineligible for benefits because he did not make sufficient payments into the Social Security plan.

#### SOVIET JEWS COPING IN THE WEST

### HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. STARK. Mr. Speaker, the Foreign Affairs Committee's inclusion in H.R. 16168 of an appropriation for assistance in the resettlement of Soviet Jews in Israel is to be highly commended. Congress should be striving toward more of this type of social assistance in our foreign aid programs.

The extraordinary burden placed on Israel as a result of immigration by Soviet Jews and the problems these people have faced in their attempt to assimilate into Israeli society have been monumental. The following article will further recount the pitiful problems encountered by both Israeli and Soviet Jews. It illustrates the necessity of this appropriation. I hope this is the beginning of congressional awareness of the need for the kind of positive foreign assistance that this sort of program can provide:

#### SOVIET JEWS: COPING IN THE WEST

(By Robert G. Kaiser)

JERUSALEM.—An American journalist who recently completed a three-year assignment in the Soviet Union was riding through Jerusalem the other day with a newly arrived Israeli immigrant from Leningrad. They were stuck in slow-moving traffic on King George Street, and the man from Leningrad let out a long sigh.

"Yes," the American said, "this Israeli traffic is murder."

"Oh, it's not the traffic," the former Soviet citizen replied. "I was sighing in amazement. I've been here for five months, but every so often I still sigh in amazement that I'm really in Israel."

Amazement seemed precisely the right word—at least to that American, who is me. As the Israelis themselves say repeatedly, it seems a miracle that nearly 100,000 citizens of the most isolated society in the Western (or nearly Western) world are now living here. It evokes the image of a mass Houdini escape—an implausible feat, but here it is indisputably real.

It is difficult to imagine former Soviet citizens walking the streets of Jerusalem, Rome and New York the way they now do. To meet a man from Leningrad on a street-corner in Tel Aviv must be something like running into a pretty girl in a large public men's room. Aren't you in the wrong place? Are you lost?

Some of them are lost, and they make a tragic spectacle.

I met several of them last month on the scruffy Mediterranean beach in Ostia, near Rome. They were Jews from Odessa, the

Ukrainian seaport, who had spent two years in Israel but couldn't make a go of it. "You could live well in Odessa," one of them said wistfully, "if you had money. And boy, did I have money!" Why had he left? He no longer really remembered, he said. But it seemed obvious that he had left to seek even bigger fortunes as have a large percentage of this unexpected wave of emigrants from the Soviet Union.

Odessa is famous for its thriving unofficial economy, many of whose former proprietors seem to be among the new emigrants. They made money in Odessa by hoarding scarce products, skimming profits from legitimate state businesses and other tricks, none of which are workable in a rational, Western-style economy.

At the other extreme are the cosmopolitan and happy intellectuals who have managed to move comfortably into new lives. One is a professor at the Hebrew university in Jerusalem, an Israeli citizen for more than three years. "Something very nice is happening to me," he said the other morning. "I'm beginning to forget my old life in the Soviet Union—it's disappearing."

It is impossible to generalize about this heterogeneous group, but most of them do share certain traits—and certain tribulations.

The most obvious of these, not surprisingly, is a general sense that they are in someone else's country. The Israeli government supports a daily newspaper in Russian that is called "Our Country," a name that seems more ironical than accurate. In conversation, most of the Soviet immigrants discuss Israel in terms of "them"—their government, their army, their politicians.

Many find "their country" frustrating, and happily enunciate detailed programs for completely remaking it. "This parliamentary democracy is silly," one professor from Moscow announced the other day. "They need a president, like in America, somebody strong enough to get things done." Though Russian Jews are inside-dopesters by historic inclination, they find it hard to learn the inside dope here. "Nobody tells us what's going on," one complained.

The desire to have someone tell you what's going on, what to do, where to shop or sell is widely shared. There's an old joke about the Soviet tailor who opened a shop in Jerusalem. After three weeks he sent a bitter letter of protest to the mayor. "Why don't you send me any clients?" the tailor demanded indignantly.

"Nobody finds you a job," the Russians here complain, Israeli social workers report that if they give a Russian schoolteacher a list of 10 schools that need teachers, she will be hurt and confused. "They don't want to offer themselves for employment," one social worker explained. "They want to be told to start work at school so-and-so at 8:30. Period."

The glittering Western world dazzles many of the Soviet Jews. Most of the newcomers in Rome who are on their way to the U.S. instead of Israel seem to equip themselves speedily with a pair of Western eyeglasses, a new Swiss watch and a modest but unmistakably Western wardrobe. There is a definite tendency toward flashy dressing among the men, who never saw bright clothes in Moscow.

But the material possession that seems to please Soviet emigres most is a full bowl of fresh fruit. Fruit is an expensive rarity in the Soviet Union, and former Soviet citizens here and in Italy seem to be eating enough of it now to make up for years of missed peaches. They are also reading the forbidden fruits of Soviet literature—Solzhenitsyn, Pasternak, Mikhail Bulgakov and many more. "I have no time to study Hebrew," one immigrant here complained, "I have too many Russian books to catch up on."

Little outings can be big events. A newcomer in Rome went to a neighborhood restaurant for lunch, but spoke no Italian. After some experimenting, he found he had German in common with the Italian waiter, and ordered his meal. "Isn't that something?" he said afterward. "In Moscow we read all the time about the poor, downtrodden Western worker, barely staying alive. And here's an ordinary waiter in Rome who is an educated, cultured man. Do you think there are any waiters in Moscow who speak German? Ha."

In a strange and unexpected way, Soviet patriotism often survives the wrenching move to the Western world. "In Odessa we could go to the theater every night," a girl complained in Tel Aviv, "but there's no Russian theater here." But did she go every night? No, of course not. And was the theater interesting in Odessa? No, it wasn't. And yet...

"Russians are too impressed by supermarkets," one emigre said of his fellows. "They should realize that there are good historic reasons why the Soviet Union isn't as rich as the United States." Was it a matter of history? Well, no. Wouldn't Russians be happier if they had supermarkets? Well, yes. But even expatriot Russians often seem prepared to make excuses.

Conversations with several dozen recent Russian emigrants suggest that life in the Soviet Union leaves a powerful psychological imprint. A man who lived his first 40 years in Moscow doesn't easily adjust to the fundamentally different Western world. Some Soviets make the adjustment, some don't, but none find it easy to cope.

"I can't get used to these Westerners," one young man of 23 complained. He had been virtually expelled from Kiev several years ago, when his roommate in a student dormitory was discovered with Zionist literature. He had been in Israel, in several European countries, and now in Rome, waiting for permission to emigrate to South Africa.

"These Westerners are different than me," he said. "I knew I didn't like Israel the moment I arrived there. I spent six months in Switzerland, but could not get used to it. America? I think that's just a big Israel. So I'm going to South Africa. I think I'll be better off there materially. Do you think I'll like it?"

#### SENIOR CITIZENS VISIT RESIDENT FOR CELEBRATION

### HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mrs. GRASSO. Mr. Speaker, simple acts of kindness, sometimes unknown and unheralded, represent our tradition of respect for the dignity of people and the value of each individual. A shining example of such an act tucked away in the suburban news pages of the Hartford Courant recently speaks volumes for faith and decency.

For the benefit of my colleagues, I insert the following story:

EAST GRANBY—SENIOR CITIZENS VISIT RESIDENT FOR CELEBRATION

EAST GRANBY.—Mrs. Amy Hunderlack of Mount Vernon Drive, and her sister, Mrs. Katherine M. Benattix of 9 Walco Drive, Granby, hosted 110 senior citizens from four towns Wednesday to celebrate the bicentennial.

The Marquise of Granby Fife and Drum Corps performed during the dessert and bingo party.

Mrs. Hunderlack said, "We have a mother that's in her 80's and we realized that senior citizens can get overlooked, and we just wanted to do something for them."

She said they sent invitations to senior citizens groups and to individuals in Windsor Locks, Windsor, Granby and East Granby.

#### THE CONFESSIONS OF A PRICE CONTROLLER

### HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. KEMP. Mr. Speaker, earlier this week the House passed a bill to create a Cost of Living Task Force. Yesterday, the House receded from its position and accepted a similar Senate-passed bill creating a Council on Wage and Price Stability. It has gone to the White House for approval.

I voted against both of those measures. I did so because I am committed to really doing something about—inflation—rather than just talking about—inflation.

Inflation has one principal source—too much spending by the Federal Government and too much reliance on increasing the money supply in order to cover the deficits created by that excessive spending. Yet, despite that economic reality, this Council on Wage and Price Stability—created ostensibly to deal with the problem of inflation—will not address itself to either of those inflationary factors—excessive Government spending and spiraling money supply. Instead, it will simply talk about wages and prices.

Yet, wages and prices are not the causes of inflation. They are its results. When someone has less purchasing power—because government action—not that of either management or labor—has devalued the dollar, the wage-earner has to seek higher wages to maintain his purchasing power and the businessman has to seek higher profits to maintain the production requisite to more jobs and takehome pay.

Government control of the economy in the past has produced both higher prices and less goods. The beef shortage, for example, was a direct result of the mandatory price controls on beef.

According to one major study of effects of the mandatory wage and price controls from 1971 through the spring of this year, I could cite over 600 other examples of where controls produced both higher prices and severe shortages.

Few have been more articulate in exposing the real results of Government attempts to control our economic lives than the former Chairman of the Price Commission during phase II, Mr. C. Jackson Grayson, Jr. He has proffered convincing evidence, in his newly released book, "The Confessions of a Price Controller," and in an article today in the Wall Street Journal, that the most effective regulator of the economy lies in competition and productivity—economic phenomena which arise solely from the interaction of management, labor, and consumers in the marketplace, and never from Government control.

I offer Mr. Grayson's article as solid evidence of why, in my opinion, this House ought to have opted for the marketplace, not for the Council on Wage and Price Stability and why Congress should reduce deficits spending instead of blaming business and labor:

#### A STRONG "NO" TO PRICE MONITORING

(By C. Jackson Grayson Jr.)

There seems little doubt that the proposed wage-price monitoring agency will pass Congress easily, be signed, and in operation in a matter of weeks.

The near-term results: The agency will increase (falsely) expectations that the solution to inflation is closer. It will do little to stop inflation. In fact, it will increase some wages and prices and will prevent decreases. It will possess power. It will take action.

The longer-term results: It will be harmful to the operation of the competitive market system. It will increase the odds of future mandatory wage-price controls. It will assist a growing movement toward national economic planning.

All of that? After all, the agency is just a "monitoring" group. It will have no subpoena power, no mandatory powers, and a budget of only \$1 million. To improve collective bargaining and encourage price restraint, it will simply "review and analyze capacity, demand and supply . . . work with labor and management in sectors having economic problems . . . improve wage and price data bases . . . monitor the economy as a whole." Who could be against that?

Very few. The bill is going through Congress with amazing speed. Business, labor, the administration, and Congress on both sides of the aisle are either for it, neutral, resigned to it as a tranquilizing political expedient or accepting it as a lesser of evils. On the surface, it seems innocuous and even logical.

But, based on my experiences as chairman of the Price Commission, I want to point out some political, institutional and economic realities and issue some warnings about the agency. I don't think it will be as benign or cosmetic as many think it will be. What you see isn't what you'll get.

#### POWER AND PRESSURE

First of all, don't be deluded because the agency won't have powers to subpoena records or veto price-wage increases. It will have tremendous power in the form of jawboning, or as they say in Britain, "earstroking." The persuaders come in gentle and not-so-gentle forms of pressure. Public hearings can be hinted at or called. Public condemnation can be expressed in the media. Officials can be called to the White House for a public or private "dressing down." Requests can be made to congressional committees to hold investigations. Administrative action can be threatened in other agencies: export controls, import relaxation, delay of decisions, procurement changes and stockpile releases. News conferences can be held; speeches can be put in congressional hands.

Deplorable in the American sense of fair play, these tactics have all been used in varying degrees by past administrations. The effect is to heighten antagonism between the public and private sector, with the public increasingly led to believe that union leaders are all greedy and that businessmen are all price gougers. It doesn't take a government agency to initiate these tactics, but they will be more organized, more frequent and more visible with the agency in existence.

And make no mistake about it, this agency will take action. A common assumption is that this is only a monitoring, not an action agency. Not true! "Action" doesn't have to mean a direct order. The agency can influence other agencies to do that. Moreover, monitoring and reporting is not passive any

more than a chaperone with a camera in her hand saying to a couple. "Go right ahead. Don't mind me." What is, and what is not, reported creates public opinion and action.

Reporters will camp on the agency's doorstep: "What about this wage increase in the XYZ industry?" "What about these high profits?" "Are you going to recommend export controls?" "Why not?"

It's a fact of political life that action will be forced on the agency because it exists. Even if the problems weren't apparent, such an agency would find some. You can find problems anywhere, any time, in any labor or business organization, and particularly with a bright, energetic staff that won't sit around. It will be a new agency with excitement that will attract good economists and lawyers, who will regard it as their duty to hit somebody, somehow. Many of these people will be "control-oriented," with little direct business or labor experience and unsympathetic to the competitive market system. They will urge action.

It will raise false expectations. And when it proves unable to check rising corn prices, or steel prices or coal miners' wages, public disillusionment will follow, with the cry increasing for more immediate, even stronger measures. Then it will be said that the agency must be given additional powers to enable it to "do its job." Authority for the 1971-74 controls came from a simple amendment by Congressman Reuss to another piece of legislation. No one expected this to turn into 33 months of mandatory controls. But political pressures forced the action.

It isn't good economics. Controls seldom are.

The agency has to go after the larger individual wage and price increases. But not every large wage and price increase is wrong, or inflationary. The increase may represent demand and supply shifts. Yet political pressure on the agency may force it to act, with the same distorting result that mandatory controls generate. Shortages and investment in capacity may actually worsen, not improve.

The mere creation of the agency, moreover, will ratchet up some wages and prices for fear of coming mandatory controls. I know from direct experience that this has already occurred as a result of the discussions these past few weeks. Soon "guidelines" are likely to emerge. Business and labor will infer what is regarded by the agency as being within the government tolerance zone. It certainly won't be 5.5% or 2.5%, those famous figures from the past; new percentage yard markers will be created. And, as with direct controls, these will be taken not only as ceilings but also as floors.

The agency will tend to operate in the short-run. Its expiration date of June 30, 1975 cries for action now. And generally short-run action is bad economics, which is part of the reason we are where we are now.

If general inflation has not cooled significantly by next spring, there will be even more of a desire to "do something," and then the "something" must be stronger, not weaker. To say it can't happen is to ignore the fact that we dropped controls—and the proposal for continuing the Cost of Living Council as a monitoring agency—only four months ago. And here we are again.

Clearly, my belief is that the agency should not be created at all. But at this point, holding this conviction is about as effective as spitting into the wind. Therefore, my recommendations concern alterations, either before or after passage of the bill, plus some alternatives.

First, don't give this agency any additional powers, now or in the future. If this occurs, we will clearly be on the road to direct wage-price controls.

Second, don't put heavy reliance on this agency to fight inflation. The danger is that

existence of this stopgap agency will reduce pressure to engage in tough, fundamental decisions. Reducing the federal budget, for example, is a basic way to fight inflation. But it will be tough going when Congress and the Executive get down to specifics. Any reduced pressure or zeal because of the existence of this agency would be a real loss.

Public statements notwithstanding, the public will tend to hold this agency accountable for every wage or price increase, and for every jump in the consumer or wholesale price index. The Price Commission surely was, and the proposed names for this agency—"Cost of Living Task Force" or "Council on Price and Wage Stability"—invite similar responsibility.

#### LOCATING THE AGENCY

Third, reconsider the location of the agency. It is now destined for the Executive Office of the President. I recommend instead that it be a quasi-independent agency, reporting directly to Congress (as does the GAO), or to both the Congress and the Executive Branch (as does the ICC). Location within the Executive Branch exclusively will constrain its activities and effectiveness for two reasons:

Every time this agency involves itself in a wage or price increase, the prestige and power of the Oval Office is somewhat at stake. If the agency loses a battle, say in forestalling a labor settlement or in not reducing a well-publicized price increase (as happened recently with President Ford and GM), the President stands to lose. Either the agency will tackle only those cases it is sure it can win, or the President will be forced to get the mandatory authority to back it up.

The agency should analyze and report on practices, laws, and procedures that contribute to inflation, not only in the private sector but also in the public sector. If the agency is based solely in the Executive Branch, it is not likely to recommend any action contrary to the administration's position, nor to criticize the Executive Branch for failure to act. For the same reasons, I think it would not be well placed in the Council of Economic Advisers, also a part of the Office of the President. If it reported to Congress exclusively, the same problem exists, although it is lessened because of the mixed constituencies.

My preferred solution would be to report to both groups. Thus it might take on the character and respect that is accorded the independent British Institute of Economic Affairs, but with access to government resources.

As a final shot, let me propose two alternatives to a separate agency, that might be adopted now or later.

Let the President formally assign this responsibility for coordinating economic policy directly to his Cabinet, most of whom are members of the proposed agency anyway. The Cabinet needs revival anyway as a national management team. Make the Vice President the counselor to the President for economic affairs, and put him in charge of this function so that he would have the clout to influence economic policies across the entire Executive Branch.

Also, begin work now to revive the proposed Department of Economic Affairs. There is often fragmented and inconsistent economic policy making and a lack of accountability. The new department would gather together various branches now residing in Transportation, Commerce, Labor and others. This would require coordinated effort from both the Executive Branch and Congress to overcome established patterns and vested interests.

#### RINGING AN ALARM BELL

In summary, I do not argue my position as a blind, free-market ideologue, nor on the principle of nongovernmental interference

in the marketplace. Government does have a role in our economic system. In fact, I am very much encouraged by the economic philosophy expressed by President Ford in his address to Congress and by the recent budget control procedures instituted by Congress.

I am ringing an alarm bell on this particular issue because I know from my personal experiences that the proposed monitoring agency can be misinterpreted, misused and can prevent us from fighting inflation at the point where the real battles need to be fought.

The real control over this economy in the long run must not be invested in Congress, the Executive Branch or any monitoring agencies, commissions or planning boards. It must rest in business and labor and the public in the private sector with two of the most powerful inflation fighting tools ever designed by man—competition and productivity.

#### REEVALUATING OUR RELATIONS WITH CUBA

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Ms. ABZUG. Mr. Speaker, I am happy to support my colleague Mr. BABILLO in introducing legislation to normalize our relations with Cuba. I have already sponsored earlier legislation to repeal economic sanctions against this neighboring country.

During the past decade, I feel, U.S. policy has been shortsighted and counter-productive. Through the rejection of economic and diplomatic relationship, we have attempted to isolate Cuba, but have succeeded only in isolating ourselves from other countries in Latin America. We have provided a convenient focus for anti-American hostility, which has encouraged both pro- and anti-Castro fanatics to act irresponsibly. We should make it clear immediately that the United States is prepared to enter into diplomatic and trade relations with this close neighbor, easing tensions wherever possible.

More than a year ago, in March 1973, a Gallup poll indicated that 71 percent of the American people would like to see Secretary of State Kissinger go to Cuba to try to improve relationships. Since we now encourage détente with China and the Soviet Union, it is clearly inconsistent to maintain an out-dated boycott of Cuba. The mutual antihijacking pact signed soon after this poll was a first step that should be followed up with trade and cultural exchange.

It is encouraging to note that President Ford intends to "define renewed relationships of equality and justice" in Latin America; and that a group of Republican Members led by Mr. WHALEN has urged détente with Cuba. This is not a bipartisan issue but a matter of national interest.

Our present policy was imposed during a time of great tension and the fears it implies are no longer realistic. Cuba is now an independent nation maintaining economic, cultural and diplomatic relations with countries as diverse as Spain and Israel. When the needs of the Cuban

people are still so great, they do not want to continue heavy defense spending.

Nor is there any evidence that they wish to "export revolution" except as an idea, according to testimony before a Senate Subcommittee on Western Hemisphere Affairs, in March and April of 1973.

And as Senator GALE MCGEE said then:

If you cannot beat an idea with a better idea, you are in trouble.

The threat that existed a decade ago, of Soviet missiles in Cuba, is no longer relevant, when missile launching submarines can come much closer to our shores than the 90 miles that separate us from Cuba. Safety for any nation, great or small, now consists in negotiations, not weapons.

We should also renegotiate our lease on Guantanamo Bay. It is a very minor base for us but serves as a hated reminder, to Cubans, of American domination.

We can only conclude that our present exclusionary policy may serve Castro's interests in consolidating support but in no way serves U.S. interests. Therefore, with my colleagues, I urge repeal of the Cuban resolution, of section 620(a) of the Foreign Assistance Act of 1961 which prohibits aid to Cuba and to nations trading with Cuba; and of section 103(d) of the Agricultural Trade Development and Assistance Act of 1954, as it relates to Cuba.

#### THE END OF THE ARAB-ISRAELI WAR

### HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. CAREY of New York. Mr. Speaker, the Arab-Israeli war has ended. Peace treaty agreements have been created. Now more than ever it is essential that Israeli families still grieving over missing husbands, fathers, and sons be able to set their grief aside to help build firm foundations for lasting peace.

But they cannot do so until their missing in action are accounted for and they are returned to Israeli soil. It is, therefore, imperative that Egypt and Syria adhere to the full disengagement agreement and permit the continuing search for the bodies of missing Israeli soldiers.

No peace can be firmly established until a nation is able to lift its veil of tears. Israel still mourns those who have not returned. No peace can find a home in the Middle East until Egypt and Syria stops using the grief of Israelis as leverage for blackmail.

Because the fate of these missing Israelis impedes Israeli families from finding peace in their hearts, I urge the International Red Cross and all neutral parties to immediately seek Egyptian and Syrian assurance that they will permit the continual search for the bodies of Israelis, so that families can heal their own wounds from grief and set their sights on achieving lasting peace.

#### THIS IS FRED GRAHAM IN WASHINGTON

### HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. ALEXANDER. Mr. Speaker, for those who studied law during the last legal years of Kirkland Hall, the evening news comes alive when our classmate appears in living color: "This is Fred Graham in Washington." The recent issue of the Vanderbilt Alumnus carries a tribute to one of the boys who made it big. I submit this article to the attention of my colleagues to enhance a much deserved recognition.

"THIS IS FRED GRAHAM IN WASHINGTON"

(By Grace Zibart)

The photographers, TV and press, were clustered at the entrance of the Federal Court building; the portable mikes were out so that not a moment would be lost when, at last, the celebrity emerged; they shoved and pushed and euhred him into camera range, thrusting mikes, shouting questions until after a short exchange, with good humor, they let him go, let him get into the black limousine that had pulled up, and, with his aides piled in with him, slam the doors, and take off.

There is so much drama in Washington these days, public interest has been generated to such a pitch, that everyone seems "on camera" every moment. The newsmen and photographers swarm like Italian *papparazzi*, the prominent figures in their well-tailored, camera-approved, dark blue suits assume the stance of matinee idols, their young lawyers, a protective guard. It's a highly charged scene; it's playing to a vast audience, and there's a sense of the theatrical about it. Those who report the excitement appear to take it in their stride, but they, too, are part of the performance. One who is being widely listened to is:

"Fred Graham, CBS News, Washington!" An estimated audience of twenty million people hears this signature on the nights he broadcasts from the nation's capital, and in less than a year Graham, L'59, has been recognized as one of the most respected newscasters on the air. Viewers see a young, athletic-looking man whose appearance has changed very little since he was a Vanderbilt law student in the late fifties—a little more gray than blonde but that's an asset on color TV. "It's nice to hear that Southern accent," said a former classmate. "He hasn't succumbed to the international accent so many newscasters have."

Officially Graham's title is CBS legal correspondent, and he has become familiar for his reporting of Watergate, the Ellsberg trial, the tapes controversy in Judge Sirica's court, as well as Supreme Court decisions. Recently he was cited in an article in the *National Observer* as the newscaster who asked the hard-nosed questions, who didn't hesitate to stick his neck out to find the truth in high places. "It's tough interviewing," said the article.

Graham is one of the new breed of newscasters, a combination reporter, investigator, and performer, who doesn't panic at the thought of a subpoena or flinch when called "a son of a bitch." ("One must consider the source," he laughed.) He admits the pressure is tremendous, quite different from his previous post as Supreme Court correspondent for the *New York Times*. Worriers, he suggests, should find other occupations. "The boneyard is littered with people who are worriers—it's instant ulcers if you don't have a cast iron stomach."

Standing up to a TV mike, reading material gathered only a short time before, digested to fit into a two-minute, or one-and-a-half-minute, or whatever time slot is available, presents a peculiar stress. Add to this the physical effort involved in gathering the news—no releases here, only on-the-spot coverage—chasing cabs to get back from assignments to the CBS studio on M Street where Graham does several radio broadcasts as well as a TV slot for the national noon shows. His day may start at 5:45 a.m. with a phone call from the studio if he's to be on the morning news show. "Just like a hotel," says Graham. The day ends with the CBS Evening News—Walter Cronkite, in New York.

The Cronkite program is the ultimate focus of the day's activities. If a story breaks early, Graham takes a crew to shoot the film, and he returns to the studio to write his story. If, however, the decision to use a story comes later, Graham does what is called a "stand-up." He writes the entire script and arranges for a cameraman to meet him at the place where the story broke and some news shots were made earlier. At the scene he is filmed doing a lead-in to his narration. The video-tape is rushed to the studio by motorcycle courier where it is spliced to the earlier film. Graham races back to M Street and records the rest of the script, which, with the film, is transmitted to New York for the 6:30 news. Hectic, yes, but not in a class with the newsbreak that occurs so close to air time that there's no time to write it out. In the trade it's known as a "crash landing," and, Graham notes, that's exactly what it feels like. It doesn't seem possible that not too long ago, newscasters were hired for their good looks and mellifluous voices. They were handed newscasts written for them and ready to go. It was a time when actors gravitated towards television, and newscasters were not expected to be experts on economics, law, government, and science.

"He's a reporter whose time has come," maintains David Halberstam, Pulitzer-prize-winning reporter and author of *The Best and the Brightest*, who shared a garage house with Graham when they both worked as reporters on the *Nashville Tennessean*. "It's as if everything he's done has prepared him for this job." But more than that, says Halberstam, Graham's strength as a reporter lies in his approach. "He's altogether straight and has the kind of mind that rejects anything that isn't."

It does seem that Graham's curriculum vitae reads like a preparation for just the job he's doing. Being a lawyer is a decided advantage. He and Carl Stern, his NBC vis-à-vis, are the only lawyers working on the Washington TV circuit. Wallace Westfeldt, NBC news producer and a fellow reporter of Graham's on the *Tennessean* during the 1950s, alleges that "CBS was having the hell beat out of them on legal matters since we had Carl Stern, so they bought Fred Graham from the *New York Times*. He had the advantage of already knowing how to translate legalese in language everyone could understand—something Stern had to learn." Stern, for his part, welcomes Graham to the TV-fold. It's an indication, he says, that the time-conscious media recognize that legal stories have to be covered, no matter how complicated they are. Fred Thompson, another Vanderbilt Law School alumnus, currently minority counsel for the Senate Watergate committee, agrees. "A newscaster who is also a lawyer has the advantage of being able to identify the problem while a non-lawyer would lose precious time checking his material. Nowadays, with people taking the Fifth Amendment, Watergate hearings, and the like, a newscaster with a legal background can put it all into focus."

Translating legalese is not all Graham learned as Supreme Court correspondent at

the *New York Times*. During that seven-year stint he developed a network of his own; he can pick up a phone to check the authenticity of a story; he has friends who tip him off when a story is about to break. An example of what this is worth was demonstrated last October when Graham was scheduled to speak at the Vanderbilt Law Day ceremonies. It was a Friday and a friend at the Justice Department told him it looked like something might break over the weekend—no details. Graham was torn between the desire to fulfill his engagement at Vanderbilt, see old friends, get in a little fishing, and the fear of not being on hand for a newsbreak. Fortunately, his news sense prevailed. News burst like bombshells all weekend; the date will go down in history as the Saturday night massacre when President Nixon fired Special Prosecutor Archibald Cox, and U.S. Attorney General Richardson and Deputy Attorney-General Ruckelshaus resigned.

Graham brings other credentials to his job. The winner of a four-year scholarship to Yale, he won the Corwin Academic Prize scholarship while a student there and also was a member of the varsity wrestling team. Two years in the Marine Corps followed graduation and he saw duty in Korea and Japan. During his years at Vanderbilt Law School he worked as a staff writer on the *Tennessean*. A postgraduate year was spent on a Fulbright at Oxford where he earned a Diploma in Law in 1960. Three years of practice in a Nashville law firm followed.

At one time it looked as if Graham might have been on the other side of the microphone; the political arena held a good deal of fascination for him, and after an unsuccessful race for Democratic committeeman ("He was an unknown; it was premature," says a veteran Nashville political figure), he went to Washington as chief counsel of the Senate judiciary subcommittee on constitutional amendments of which Senator Estes Kefauver was chairman. The death of the senator shortly afterwards may have cut short Graham's political career. In any case, Graham, after a term as special assistant to Secretary of Labor Willard Wirtz, quit the government and became the Supreme Court correspondent for the *New York Times*. His concern with the position of the court in such controversial decisions as the Miranda Case and others affecting police procedure and civil rights prompted him to write *The Self-Inflicted Wound* which was published in 1970. That book and another, titled *Press Freedom Under Pressure*, a study of press and government relations published in 1972, won for him a solid spot on the lecture circuit. For the past several years he has addressed bar association meetings, civic clubs, and law schools throughout the country.

The limitations of legal newscasting are apparent to any viewer who has listened to the details of a court battle while watching an artist's attempt to portray it on the screen. There is resistance to permitting cameras in a courtroom, not only by the lawyers and judge involved but also by the American Bar Association. Cameras are allowed if all participants consent, but the film cannot be aired until all appeals have been exhausted and then it may be shown for instructional purposes only. Some lawyers voice their fears that TV cameras might affect the proceedings; on the other hand those who favor filming insist that a camera is more reliable than a reporter's notes. Most admit, however, that the time allocated to the evening news would hardly be sufficient to cover a court trial. Graham, for his part, is intent on a wider understanding of court procedure by the public. "It's a tremendous challenge, and if we work at it we can do better than the print media." Listeners stay with his one-or-two-minute spots on the Cronkite show, he contends, while he suspects readers seldom

finished long, involved legal stories in the *Times*. Adapting to television an idea he used at the newspaper, Graham is working on documentaries aimed at educating the public. He prepares the background for decisions that eventually will be made by the courts by going to the cities where the cases originated, creating a script that explains what the lawsuit is about, what the court decision will mean to the participants and how, in other cases, the decision will have a wider significance.

Twenty million viewers! It would make a far less sensitive man than Graham ponder the impact and influences of his reporting. It can be tough, he concedes. He doesn't deny that he's had a few miserable nights when he's wondered if he'd used the wrong word, conveyed the wrong impression. "You try for accuracy and fairness. Sometimes it's difficult to work within the strictures of time." His mail is fifty-fifty love and hate. "I'm still surprised when I'm recognized on the street, or in the supermarket."

Long before the energy crisis, Graham covered the distance between his home and office on foot. The Grahams live in a charming, unconventional house in Washington "right around the corner from the Shoreham and the Sheraton Park hotels." He and Lucille Graham, his beautiful and brainy wife, are enthusiastic about city living. "We have a nice lifestyle," he says. Their three children attend public schools; Graham often joins the family after work for an hour of ice-skating at the Sheraton-Park Club. Their house is in an area in which many Latin American embassies are located. "Because of the personnel in the embassies and those connected with them in surrounding streets, the public school includes teaching in both Spanish and English," Graham explained. "Both our boys are already bilingual." Lucille Graham, a Bryn Mawr graduate, has taught at Georgetown University but for the past few years has chosen to remain at home with the children. "I occasionally take a job on a commission or a survey that has a limited duration." Their black and white living room, furnished with Lucille's unmistakable flair, is a center where groups of friends in a variety of pursuits—TV personalities, writers, government figures—gather to engage in lively discussions, often argumentative, and almost always off-the-record. Not long ago Graham and eight other newsmen were subpoenaed; they had refused to divulge news sources in the Agnew case. "It looked as if Fred might be in and out of jail for awhile," recalled Lucille. "But before I had time to worry, Agnew accepted a guilty plea and the case was thrown out of court." How did she feel? "I guess I was thinking it was a hazard of the trade," she said, thoughtfully.

#### REVERSE OUR PANAMA CANAL POLICY

#### HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. SNYDER. Mr. Speaker, I have sent the following letter to President Gerald R. Ford:

AUGUST 20, 1974.

The PRESIDENT,  
*The White House,*  
*Washington, D.C.*

DEAR MR. PRESIDENT: I respectfully call upon you to reverse the policy of the previous Administration aimed at turning over the Panama Canal to the Republic of Panama.

A recent poll which I took of the Fourth

District of Kentucky, which I have the honor of representing, showed that of 19,000 responding only 4.6 percent favored that policy, while 87.5 percent flatly opposed it.

I have respect for Secretary of State Henry Kissinger, upon whom you must rely heavily. However, in this area of our foreign policy, I hope that you will rely on your own common sense, and the voice of the American people, instead of any advisors who mistakenly feel that our best interests are served by surrendering control of the vital inter-oceanic waterway which is more important to our security today than ever before.

Respectfully yours,

M. GENE SNYDER.

#### HILO HATTIE: QUEEN OF HAWAIIAN ENTERTAINERS

#### HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. MATSUNAGA. Mr. Speaker, it is difficult to know where to begin in praising the accomplishments of a genuinely sincere and vibrant human being like Hilo Hattie. Her past 70 years of singing and dancing to cheer up the human race has left an endearing sense of warmth, well-being and aloha in the hearts of the people of Hawaii and all those who have come to know her as an entertainer and beloved Kamaaina. She made songs such as "Manuela Boy," "The Cockeyed Mayor of Kaunakakai," and "Becky, I Ain't Coming Home No More" famous in her inimitable down-to-earth style.

Born Clara Haili, she first started entertaining at the tender age of 2½ years when she used to follow her mother, who was a practical nurse at Kapiolani Maternity Home, and sing to the babies and the mothers in the maternity ward. Hilo Hattie later rang in raucous comedy on the then formal and fashionable Waikiki entertainment scene, later moving on to the Eastman Kodak Show, then the old Waialae Country Club. By 1940, she was entertaining the entire Pacific Fleet. Whenever a U.S. naval ship would pull into Pearl Harbor on Pacific maneuvers, she would go out and do shows for the troops. Later entertaining at the Royal Hawaiian and Hilton Hawaiian Village Hotels, she finally moved her show to the Sheraton-Waikiki and Halekulani Hotels. Now at the age of 73, Hilo Hattie plans to join her musician husband on a royal Hawaiian band tour of Canada, on which she will perform.

With a generous measure of pride, love, and Aloha for Hilo Hattie, a beautiful human being who has done what few others have accomplished to personify the very spirit of Aloha, I submit the following article about her by Mary Cooke from the Honolulu Advertiser for inclusion in the RECORD:

SEVENTY YEARS OF ENTERTAINMENT AND IT'S BEEN ALL IN FUN

(By Mary Cooke)

If you count all the years she's been singing and dancing to cheer up the human race, Hilo Hattie has just made some kind of a late retirement record.

This week, when she steps down from both

the luau stage at the Sheraton-Waikiki Hotel and the summer headliner spot at the Halekulani, it will be 70 years since Hawaii's clown princess did her first gig in—of all places—Kapiolani Maternity Home.

"My mother was a practical nurse at Kapiolani. When I was 2½ years old I used to follow her from bed to bed in the wards and sing to the babies and the mothers.

"It was a natural thing for me to kid and cut up," said the blithe spirit who, in the depressed 1930s, rang in raucous comedy on the Malkiki entertainment scene and made it stick.

It was at the Royal Hawaiian Hotel where canaries trilled in gilded cages and musicians in tuxedos played for five o'clock tea dances. On this subdued scene there exploded Hilo Hattie doing the Hilo Hop in a ham-tied muumuu and a battered straw hat. She also sang in pidgin English "Whassa Matta You Last Night?" "Mamuela Boy" and "The Cock-eyed Mayor of Kaunakakai."

When she introduced "Becky, I Ain't Coming Home No More" with a Yiddish accent the manager was nervous. He took a mental house count and banned the number. The customers chanted their gut reaction: "Do Becky! Do Becky! Do Becky!"

Manager to Hilo Hattie (backstage): "Go on and do Becky. All those people out there yelling. They're driving me crazy!"

Hilo Hattie was no spring chicken, even then. Clad from chin to toe in a voluminous muumuu, she was not seductive. Rumor even had it that she was a school teacher, which was true.

The thing that knocked them in the aisles was not that she was revolutionary, just real. She sang it like it was in Hawaii. She had the Hawaiian's knack of mimicking locals and newcomers in a spirit of camaraderie. A friendly, fraternal ribbing, spiced but never spiked with humor. She hurt no one. Her audience sensed this, relaxed, enjoyed and pounded the tables for more.

Born Clara Halli—"My birth certificate says I'm 100 per cent Hawaiian"—she grew up in what a modern social worker might call "disadvantaged" circumstances. Her older siblings were hanai-ed (given to relatives) and Clara, until she was 8 years old, lived with her divorced mother in the Kapiolani Maternity Home nurses quarters.

"It was right next to the delivery room and I sometimes used to hear the mothers in pain," Clara said.

When her mother remarried, the family lived between a Chinese store and a Chinese pot factory on Liliha Street. "Maybe it made me a little Chinesey," Clara said. "I think I absorbed some of their characteristics."

When she was 12 Clara made a bargain with her brother who was playing bass for a traveling vaudeville company.

"He told me if I cleaned all the lanterns at home and washed all the dishes I could go to the Saturday matinee," she said. "I worked like the devil and went every week."

"That's where I learned 'Becky, I Ain't Coming Home No More.' Every Saturday I took my copy book and added more words and verses till I got it all."

But nobody thought of entertaining as a career for Clara. Of three options—nurse, teacher or dressmaker—she chose teaching and went to "normal school."

"In my sophomore year I had to leave school to help support the family," she said. It was 1917 and Clara was 16 years old. She got a \$3-a-week job at the old Advertiser bindery, worked up to \$15 a week at the end of four years, then went back to finish school.

In 1923 she got her first school job teaching first grade non-English-speaking Japanese children at Waiapu Elementary School.

"Some of the mothers stayed on the school grounds almost all the first week," Clara said. "That meant they didn't go 'hapal ko

(carry cane) in the sugar fields and they lost money. But they were so determined for their children to learn. By the end of the first year it was just wonderful to see how much they had learned."

Clara's heart was in teaching—it still is, she says—but she saw nothing wrong with doing a little entertaining evenings at the Royal Hawaiian Hotel. Then at the Eastman Kodak Show. Then at the old Waiālae Country Club. Sometimes all three, every week.

"By 1940 I was entertaining the whole Navy," she said. "Every ship, and there were a lot of them on Pacific maneuvers then. When they came into Pearl Harbor I went out and did shows for them."

Hilo Hattie was now too much for the pre-war Department of Public Instruction. Officially, it suggested she "modify" her style of entertaining. She didn't. Finally it came to an either/or choice of continuing on stage or continuing as a public school teacher.

"I thought maybe I should quit this monkey business and stick to teaching," Clara said. "I went to Dean Wist, head of the teachers college at the University and asked him what I should do."

"He said, 'Clara, eventually we're going to get into a war. In wartime, one of the greatest things is to keep up morale.'"

That year she gave up teaching and in 1941 Harry Owens, former band leader at the Royal Hawaiian Hotel, called Clara to join him for a six weeks engagement at the Paramount Theater in Los Angeles. In December, while she was on the Mainland, Pearl Harbor was bombed.

"It took me six years to get home," she said. "Most of my Navy friends had been transferred to San Francisco and when I asked them for priority to come home, they begged me to stay there. They sent me to Juliet Wichman who was then head of the Hawaiian Red Cross branch in San Francisco."

"It was a time when Island mothers and children were being evacuated from Hawaii to the Mainland. There were wounded servicemen and patients coming in on ships. Day or night, any time the ships came from Honolulu I greeted them at the pier. The passengers were lined up on the decks and I was the only face they recognized."

"If the women had problems I'd go aboard and sit with them and talk to them. These were our Island girls. On my days off I visited the hospitals. All those boys who had seen me in Honolulu, I was a familiar face to them."

Clara tramped for the military "giving 15-minute shows at gun nests along the California coast. We had a victrola on the truck to play music. Kahala Bray was the dancer and I was the singer."

"The officer would blow a whistle and out from the woods would come these guys and we'd put on a little show for them."

She also made films and recordings in Hollywood, appeared on radio and TV and played in U.S. and Canadian night clubs. At war's end, Clara came home to entertain again at the Royal Hawaiian when it was reopened after serving as a Navy recreation center during the war.

Clara is married to Carlyle Nelson, formerly a violinist in Harry Owens' orchestra and now a member of the Royal Hawaiian Band. The couple spent 10 years with their own Hawaiian troupe, playing Mainland country club and military club engagements.

When she was in her 60s Clara came home again to re-open the Hawaiian Village Tapa Room after the death of its first star, Alfred Apaka.

Now she wants out of long-term engagements, "just to be free to do what I'd like," Clara said. At age 73, she will join her husband next month on a Royal Hawaiian Band tour of Canada, on which she will perform.

"After that, whenever there's a need for me I'd be willing to perform," she said. "But no more six nights a week, indefinitely."

## HEW'S MISCALCULATION ON GENERIC DRUG EQUIVALENCY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. CRANE. Mr. Speaker, those who urge a program of national health insurance should understand that if Government is to pay the bills for the health care of Americans, Government will, inevitably, determine the nature of such care.

This is already the case with regard to those Americans who are recipients of medicare and medicaid payments. The Department of Health, Education, and Welfare has determined that generic drugs are the "equivalent" of prescription drugs. Since generic drugs are much cheaper than prescription drugs, HEW has mandated that all those who receive governmental assistance will be aided only with the cost of generics.

As a result of this policy, doctors are no longer able to prescribe the medicines they believe to be safest and most effective but must, instead, prescribe those mandated by Government bureaucrats. Government has taken upon itself, in effect, the practice of medicine.

Now, it appears, this policy has been based upon bureaucratic desires rather than scientific data. A 10-member panel, headed by Dr. Robert Berliner, dean of the Yale Medical School, has concluded that current Government standards and regulatory practices "do not assure bioequivalence for drug products." C. Joseph Stetler, president of the Pharmaceutical Manufacturers Association, states that the report "completely undercuts the ill-advised proposal of the Department of Health, Education, and Welfare."

Another study, conducted by Prof. Sam Peltzman, of the Chicago Graduate School of Business, of the 1962 amendments to our drug laws, concludes that—

The 1962 amendments to the basic 1938 Drug Act were an outgrowth of the very best intentions . . . Where the old law had demanded proof merely of a drug's safety, the new law demanded proof of a drug's effectiveness as well . . . Innovation has been stifled. In the decade preceding the amendments, drug manufacturers introduced an average of 43 new chemical entities a year. The average since then is 16 new entities a year.

I wish to share with my colleagues the report which appeared in the AMA News of July 22, 1974, concerning the report of the committee headed by Dr. Berliner and a column by James J. Kilpatrick, as it appeared in the Baltimore Sun of July 2, 1974, concerning the study by Professor Peltzman, and insert them in the RECORD at this time:

REPORT STIRS DEBATE ON DRUG EQUIVALENCY

The Health, Education, and Welfare Dept. is expected to continue to press for some sort of lowest-cost drug reimbursement policy under Medicare-Medicaid, as a result of a report by the Office of Technology Assessment.

But there is something for both sides of the argument about drug bioequivalency in



the report—and critics of HEW's proposal are armed with the panel's conclusion that current government standards and regulatory practices "do not assure bioequivalence for drug products."

A 10-member panel, headed by Robert Berliner, MD, dean of Yale U. School of Medicine, produced the report for OTA, which is an advisory group to Congress.

Another of its conclusions, one seeming to favor a price-ceiling on drugs, says that technology exists for establishing the bioequivalence of most drugs, and that the government ought to get going on "an official list of interchangeable drug products."

It was this issue that brought on the report in the first place.

HEW last December announced a proposal for Medicare-Medicaid drug reimbursement, based on products generally available, but lowest in cost.

In hearings before the health subcommittee of the Senate Labor and Public Welfare Committee, drug company representatives protested that it would be impossible to ensure the bioequivalency of similar generic drugs, using the government's own standards.

HEW Secretary Caspar Weinberger agreed to postpone putting the reimbursement plan into effect, pending the report.

The report was termed "superb" by two frequent adversaries in discussions of drug costs.

C. Joseph Stetler, president of the Pharmaceutical Manufacturers Assn., said the report "completely undercuts the ill-advised proposal of the Department of Health, Education, and Welfare . . ."

PMA supports the report's call for improved drug standards, but believes the report "fully refutes the concept that high-quality products and research incentives in industry can be maintained while prices at the lowest level are dictated by government."

Sen. Edward Kennedy, (D., Mass.) chairman of both OTA's Technology Assessment Board and the Senate health subcommittee, praised the panel's work, and said he would introduce amendments to S. 3441, the Drug Utilization Insurance Act, now before the Senate Labor and Public Welfare Committee. The bill will be redrafted to incorporate the report's recommendations, and new legislation would be introduced, if needed, he said.

"I believe the authority already exists for HEW to move ahead," Sen. Kennedy said.

Dr. Berliner said it was "somewhat exaggerated to say our report 'completely undercuts' the public policy of HEW."

"It would not take a great deal of time for a restructuring of at least a major part of what HEW proposed to do (in drug reimbursement)," he said.

Dr. Berliner estimated that 85-90% of all drugs are used in therapies which do not require "close tolerances," and therefore, bioequivalency would not come into question. Government standards for these could be drawn soon, probably within a year, he said.

"We also feel that moderate degrees of variation in most drug products will not have any effect upon therapeutic effect," he said.

Implications for the physician, if HEW's lowest-cost drug list were drawn up, would be that "he would not have to concern himself with brand names of products he prescribes," said Dr. Berliner.

"The drugs are, for the most part, largely interchangeable. I think the cost of a drug will come into some relative consideration," he said.

In addition, a government-approved drug list might allow pharmacists to make some decisions about which drugs to use in a prescription, Dr. Berliner suggested.

"This would require a change in the law in several states," he pointed out. "The only way that might be accomplished is with a (pharmacist's) fee for service, rather than a markup on the drug."

HEW's minimum-price drug policy proposal was based on the assumption "that the Food and Drug Administration can presently assure the uniform quality and therapeutic equivalency of all marketed medications," said PMA's Stetler.

"We labeled that assumption a huge gamble at the time," and statements in the report support the idea it is still a gamble, Stetler said.

Charles Edwards, MD, HEW assistant secretary for health, said HEW "believes that bioequivalency problems can be solved, and pose no insurmountable obstacle to its announced plans . . ."

Other conclusions of the report: Variations in bioequivalency of drugs have been recognized as responsible for "a few therapeutic failures. It is probable that other therapeutic failures (or toxicity) of a similar origin have escaped recognition."

Bioequivalency studies of all drugs are neither feasible nor desirable, but classes of drugs where such information is important should be identified.

A single standards-setting organization should be established to replace the present USP and National Formulary.

(USP and NF have announced plans to merge, and said they already have taken steps to meet the panel's criticisms. "The possibility that USP and the NF could merge and make sufficient changes . . . to fulfill the criteria for an effective standard-setting organization is not precluded, but the changes necessary would be expensive," the report said.)

#### AEI STUDY SAID TO SHOW MISCALCULATION ON DRUGS

(By James J. Kilpatrick)

[A] new study, by Sam Peltzman of the Chicago Graduate School of Business, deals with the consequences that have stemmed from the 1962 amendments to our drug laws. [The study is a recent AEI publication.] He finds these consequences, on balance, bad.

That evil consequences flow from good intentions is scarcely a novel proposition. Such results often are observed when government sets out to tinker with the functions of the marketplace or with the workings of human behavior.

The 1962 amendments to the basic 1938 Drug Act were an outgrowth of the very best intentions. Congressional liberals, led by the late Senator Estes Kefauver, were convinced that drug manufacturers were exploiting a gullible public.

Riding the shock waves produced by the thalidomide scandal, they wrote into law some sweeping new demands for the approval and marketing of drugs. Where the old law had demanded proof merely of a drug's safety, the new law demanded proof of a drug's effectiveness as well. The senator from Tennessee assuredly did not want to harm the consumer, his purpose was to benefit the consumer. Who could quarrel with so good an intention?

Dr. Peltzman quarrels with it. In his methodical examination of the actual results of the 1962 amendments, the Chicago economist demonstrates convincingly that these consequences have ensued:

Innovation has been stifled. In the decade preceding the amendments, drug manufacturers introduced an average of 43 new chemical entities a year. The average since then is 16 new entities a year.

Consumers have not gained. On the contrary, they are losing from \$250 to \$350 million annually in benefits they might have had if it had not been for the prolonged delays and abandoned experiments of recent years. That is the demonstrable economic loss. The human loss is incalculable. Human beings have died, or have suffered needlessly, for want of drugs that might have been avail-

able if the Kefauver amendments had never been adopted.

The principal result of the 1962 act has been delay. Because of the elaborate requirements of the Food and Drug Administration, manufacturers are compelled to devote from four years to nearly nine years in accumulating absolute proof of a drug's effectiveness. The FDA itself, which in 1962 processed a new drug application in seven months, now requires 2½ years for its own review.

#### DAVIDSON COMMUNITY CENTER: A SMALL MIRACLE IN THE BRONX

#### HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1974

Mr. BINGHAM. Mr. Speaker, the Davidson Community Center, a storefront self-help organization located in my congressional district, is a credit to the community and is to be commended for a job well done.

Ms. "Toni" Vasquez, who founded, and now runs the center, has created a unique mix of educational programs for adults and supervised recreation for children that earned the center the Lane Bryant Award for community service in 1970, and a No. 7 ranking—out of 900 centers judged—by the U.S. Jaycees Foundation in 1974.

Unfortunately, this small miracle in the Bronx may soon have to shut its doors because of inadequate funding. It would indeed be tragic if members of our community are prevented from helping fellow human beings because government and private philanthropic organizations are unable to satisfy the modest financial requirements of centers such as this.

I include herewith for the benefit of my colleagues and other interested readers of the RECORD an article appearing in the August 11 edition of the New York Daily News describing the center and its problem:

#### THE END OF A SMALL MIRACLE?

(By Lawrie Miffin)

Rosa Rodriguez, trained as a secretary in her native Santo Domingo, is learning English so that she can be a secretary in New York. Jocelyn Lynch, a Jamaican native and mother of three who worked as a keypunch operator for years in London but can't get a similar job here without a high school diploma, is taking a high school equivalency course.

Both are students at the Davidson Community Center, a storefront neighborhood self-help organization at 2034 Davidson Ave. in the deteriorating Morris Heights section of the Bronx. While they study upstairs, children romp and scramble downstairs and outdoors in supervised recreation programs, and block residents come in for all kinds of advice and help.

But the happy tumult may come to an abrupt end soon: The center is threatened with a shutdown because of a lack of funds.

If it does, Rosa Rodriguez might never be a secretary again, Jocelyn Lynch might not get another chance as a keypunch operator, and scores of families would be back on welfare once more.

It would also mean the end of a winter basketball team on which many gang members play; the end of Boy Scouts and bus

trips to upstate parks; the end of play streets, the end of swimmobile visits, and the end of free summer lunches for the more than 1,000 youngsters the center serves this summer.

#### END OF A MIRACLE

For the people of Morris Heights, where welfare rolls have jumped to include 40% of the Davidson Ave. population, where housing is crumbling and where arrests and crime complaints are the highest of any precinct in the city, the closing of Davidson Community Center would mean the end of what many residents consider a small miracle.

Last year, staffed almost entirely by untrained community volunteers, the center handled 250 welfare problems affecting 1,000 people; made 126 successful job referrals; dealt with 213 housing cases, and ran a regular community patrol force of 30 volunteers to deter crime.

Residents go there to get help fighting negligent landlords, to study and learn skills for new employment opportunities, and to straighten out the red tape of welfare or social security tangles. When they go, they are helped not by college-educated professionals but by their neighbors, whose only qualification is a fierce dedication to upgrading the Morris Heights neighborhood.

"And without this lady, nothing moves," said Officer David Milligan of the 44th, patting tiny Antonia Vazquez on the back.

Ms. Vazquez, or Toni to everyone at the center, is a dark-haired grandmother who would seem frail were it not for her unbounded energy. She founded the Davidson Community Center nine years ago, as an outgrowth of tenants' rights and block work, and got it incorporated as a non-profit service agency in 1969.

#### NATIONAL AWARD

In 1970 the center won a national Lane Bryant Award for community service. This year the U.S. Jaycees Foundation ranked the center seventh out of 100 outstanding community self-help programs in the nation—after judging more than 900 entries.

"The center is my whole life," says Toni Vasquez, who is now the paid director and supports her nearly-blind husband on her salary, paid by the city Housing and Development Authority. "I see people come in here crying and go out smiling, and that is why I keep going."

But Ms. Vasquez is nearly frantic now because of the center's discouraging financial straits.

"With the Board of Education's employment training program we are offering people skills, and then we help them find new jobs through manpower agencies, or even the Yellow Pages," she explains. "Then, they get off welfare and help themselves along. It's good work we do, and we are known all over, but it doesn't seem to help when it comes to money."

Others who work with the center agree that it does good work. "The place is always bustling with purposeful activity," said Robert Parente, a Board of Education supervisor who stops by periodically to check on the employment training and English classes. The three teachers and coordinator of those programs are among the few professionals at the center and are paid by the Board of Education.

#### AMAZING BUNCH

"Of all the annexes I visit, this is the best-functioning," Parente added. "The mothers who come here are amazing—I've never seen such a diligent, ambitious group."

Maria Romano, who instructs 30 students in English as a second language, recalls that she gave the class the option of a six-week or an eight-week summer session, and all opted for eight weeks.

Rosa Rodriguez, who is also a mother of two, said her family had planned to move away from Morris Heights this summer but stayed on solely because of Ms. Romano's English class.

Another student, Elba Bultron, a native of Puerto Rico, declared that she had learned more English in eight weeks at Davidson Community Center than she did in four years at Theodore Roosevelt High School. And Patricia Gerardy, who just came to New York from Ecuador a year ago, plans to master English and go on to college some day.

But this year, the private funds ran out in June. The center owes two months rent, phone and electricity bills, and only a promised \$2,000 emergency grant from YSA will get it through the summer. "We're running all these programs on nothing, nothing but people," Ms. Vasquez lamented.

To eliminate the annual panic over funds, the center has requested a \$35,000 year-round grant from YSA. If approved, it would reduce the private fund needed to about \$5,000 and put the center on solid financial footing permanently, according to Mildred Zucker, a consultant with the Federation of Protestant Welfare Agencies, who advises Ms. Vasquez.

Without it, the scraping for funds will go on. Or the center will have to close, and the neighborly, comforting place where Morris Heights residents turn for help with the housing, crime, welfare and job problems that plague such areas will be out of luck, residents say.

## SENATE—Thursday, August 22, 1974

The Senate met at 10 a.m. and was called to order by Hon. WALTER D. HUDDLESTON, a Senator from the State of Kentucky.

#### PRAYER

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

Eternal Father, as we set forth to commemorate Labor Day, show us once more that Thou hast ordained work as a way of life and not simply a means of livelihood. Bless all whose labor of hand and brain enriches the life of all. Be with those who are overworked, out of work, ill paid, or in want. Protect all whose labor brings them into danger or leads them into temptation. Comfort those whose toil is unpleasant, monotonous or without joy. Have mercy on those who are driven to sullenness, despair, and rebellion.

Hasten the day when men shall toil for the common good, when all commerce shall be pure, all work worship, and men shall rejoice in what they have done.

Be with all who labor in this place, in high decisionmaking, in supporting roles, in tasks great and small and honor this labor for the Nation and the advancement of Thy kingdom.

In the name of the Carpenter of Nazareth. Amen.

#### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the

Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D.C., August 22, 1974.

To the Senate:

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

JAMES O. EASTLAND,  
President pro tempore.

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

#### THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, August 21, 1974, be dispensed with.

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

#### AUTHORIZATION FOR CERTAIN ACTION DURING THE ADJOURNMENT OF THE SENATE UNTIL SEPTEMBER 4, 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that during the adjournment of the Senate until noon, Wednesday, September 4, the Secretary of the Senate be authorized to receive and refer messages from the President of the United States and the House of Rep-

resentatives and that on Thursday, August 29, and Tuesday, September 3, between 9 a.m. and 5 p.m., all committees of the Senate be authorized to file their reports together with any minority, individual, and supplemental views.

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

#### COMMITTEE MEETINGS DURING SENATE SESSION

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

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

#### AUTHORIZATION FOR CERTAIN CORRECTIONS IN THE ENROLLMENT OF H.R. 15842

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 611.

The ACTING PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 611, which was read as follows:

#### H. CON. RES. 611

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives in the enrollment of the bill (H.R. 15842) to increase compensation for District of Columbia police-