EXTENSIONS OF REMARKS

FEDERAL LEGISLATION NEEDED TO STOP BUSING

HON. ROBERT P. GRIFFIN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Friday, March 1, 1974

Mr. GRIFFIN. Mr. President, recently the Constitutional Rights Subcommittee of the Senate Judiciary Committee, chaired by Senator ERVIN, held hearings on several bills which have been introduced to end forced busing of schoolchildren based on race.

Other members of Senator ERVIN's subcommittee include Senators MCCLELLAN, KENNEDY, BAYH, ROBERT C. BYRD, TUNNEY, GURNEY, HRUSKA, FONG, and THURMOND.

As I indicated in a statement presented to the subcommittee, if Congress were to enact a bill such as S. 179, which I have introduced, the Supreme Court would find it much easier to reach a favorable decision in the now pending Detroit Busing case—a decision reversing the sweeping order of the district court.

I ask unanimous consent that a copy of my statement to the subcommittee be printed in the RECORD.

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

STATEMENT OF U.S. SENATOR ROBERT P. GRIFFIN

Mr. Chairman:

Thank you for the opportunity to present my views with respect to the several bills referred to this Committee (S. 179, S. 287, S. 619 and S. 1737) which seek to legislate an end to forced busing. As you know, I am the principal sponsor of S. 179, which is similar to a bill I first introduced during the 92nd Congress.

At the outset, I wish to associate myself generally with remarks made by the Chairman at the opening of these hearings. In particular, I share the Chairman's hope that the testimony taken during the course of these hearings will help the Congress to understand more clearly the urgent need for legislation which will truly insure "equal protection of the law" for America's school children.

I am not wedded only to the particular language of my own bill. I see some merit in each of the other measures that the Committee has under consideration.

Most important, after careful study, I believe Congress can, and should, bring an end through legislation to the arbitrary exercise of unfettered judicial discretion which has resulted in so much senseless busing based on race. Enactment of such legislation should be one of the most important objectives during this 2nd Session of the 93rd Congress.

My position is—and consistently has been—for equal rights and against discrimination. During my 18 years of service in Congress, I have had the opportunity to vote for every civil rights bill that has become law since Reconstruction Days following the Civil War.

As one who is keenly interested in making more and swifter progress toward the goal of a society without racial discrimination, I am deeply concerned that the tool of forced busing is counter-productive and is actually working against the very objective it is supposed to advance. Instead of helping in the effort to promote better race relations, it is resulting in more bitterness and more polarization.

The people of my own State of Michigan are almost unanimous in their opposition to court-ordered forced busing based on race. They are unanimous in their support of the goal of quality education for all children. But they are convinced that forced busing does more harm than good in the effort to achieve that goal.

Next week the Supreme Court will hear oral arguments in the Detroit busing case. For several years now, the people in that area have been living under the threat of a Federal judge's order which would force busing across the boundary lines of fifty-three different school districts in the metropolitan Detroit area.

It is hoped, of course, that the Supreme Court will refuse to uphold the extreme and far-reaching order of the district court. But an important point, so far as these hearings are concerned, is that the Supreme Court would find it much easier to reach that result if there were legislation—such as that under consideration—on the statute books.

The statutory proposal I have introduced as S. 179 provides in essence that

"No court . . . shall have jurisdiction to . . . issue any order . . . to require that pupils be transported to or from school on the basis of their race, color, religion or national origin."

I submit that there is solid precedent for the statutory approach embodied in S. 179.

Article III of the Constitution clearly gives Congress power to determine the jurisdiction of lower federal courts and, except in certain cases, the jurisdiction of the Supreme Court as well.

At an earlier point in our history, when Congress concluded that federal courts were abusing their power to issue anti-union injunctions in labor disputes, the Norris-LaGuardia Act was passed.

Of course, the Norris-LaGuardia Act does not deprive federal courts of all jurisdiction to deal with labor cases. It merely withdraws or limits court jurisdiction to employ one particular remedy—the injunction—which, in the opinion of Congress, was being abused. All other remedies otherwise available continue to be available to the courts in labor dispute cases.

In 1868, Congress even went so far as to withdraw jurisdiction from the Supreme Court to review writs of habeas corpus. This far-reaching exercise by Congress of its constitutional power to restrict jurisdiction was upheld by the Supreme Court in *Ex parte McCardle*.

It should be obvious that if the statutory approach I have proposed were enacted into law, federal courts would still be left with an abundance of reasonable tools and remedies to deal with situations of racial discrimination.

Only one remedy—busing—would not be available, the Congress having determined that it is unduly burdensome and unreasonable as a matter of public policy.

In final analysis, the statutory approach embodied in S. 179 is not only constitutional but, of course, it can be more readily enacted than could a Constitutional Amendment to curb busing.

In addition, this approach would provide the Supreme Court with a convenient, face-saving way out of a very difficult situation which it has itself created. By merely adhering to established precedents, the Court could get off the busing hook and find its way back to the solid, sensible ground staked out in Brown vs. Board of Education: that government at all levels should be color-blind.

I urge that the Committee move toward that goal by reporting favorably S. 179 to limit federal court jurisdiction with respect to busing.

VOICE OF DEMOCRACY

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RHODES. Mr. Speaker, one of the finest programs of Americanism is the annual Voice of Democracy Contest, participated in by a half-million American young people. This year's theme is especially appropriate—"My Responsibility as a Citizen"—and could well be a thoughtful consideration for many adults across the land.

I congratulate the Veterans of Foreign Wars for conducting this worthy program to create interest in the obligations of citizenship.

I congratulate the winner from Arizona, who, I am proud to say, comes from my district. Greg Plumb, 16, is an 11th grader at Camelback High School, and is chairman of the judicial council in the student government.

Greg's prize-winning script follows. I hope that many of my colleagues will take time to read it and take pride in knowing that our young people are studying our Constitution and our institutions, thus preparing themselves to assume leadership roles in the future.

Text of Greg Plumb's broadcast script is as follows:

MY RESPONSIBILITY AS A CITIZEN

(By Greg Plumb)

This year, the high school I attend instituted a pilot program in independent study. 100 students were allowed to enter the program to explore a particular study area of their choice, based upon personal interests and convictions. Immediately after I had been accepted into the seminar, I had decided upon my project. Because I believe that one of the first responsibilities I hold as a citizen is to understand the foundations of our democracy, I chose a study of our Constitution as my project. This study has proved to be one of the most rewarding educational experiences of my life. Through it, I have realized that My Responsibility as a Citizen reaches far beyond what I had imagined.

The first thought that enters one's mind when he hears the word "citizenship" may be his responsibility to vote. For centuries men have fought and died that the rights we now enjoy might be ours, and this heritage is entrusted in the hands of every voter. Of no less importance with regard to citizenship is the understanding of democratic principles. An enlightened citizen should have a healthy knowledge of our important institutions, for this is the only way in which he can intelligently defend them. Other duties that immediately come to mind may be serving on a jury, or serving in the armed forces. These are all spe-

cific tasks that certainly cannot be neglected if I am to count myself a good citizen. Even before I entered into my study of the Constitution, I realized the importance of each of these duties. But, as my work progressed, I realized a much deeper, unwritten, implied commitment. My Responsibility as a Citizen has a profound relationship to my life as a whole.

Citizenship and the exercise of my civic duties cannot be separated from the rest of life. My aspirations, hopes, interests, and ideals influence the performance of my civic duties. If my life is rich and full, my citizenship will reflect that fullness. If, in relations with family and neighbors, I hold a spirit of goodwill and helpfulness, that will be my contribution toward a moral community atmosphere. If I am a good workman with a sense of joy and perfection in my daily tasks, I will learn to take pride in my accomplishments, the accomplishments of those around me, and in the achievements of the United States. But if I am dishonest in my thinking, indifferent to the well-being of others, these characteristics will degrade the community. In short, the quality of American life can rise no higher than the intelligence, purpose, and conscience of the individual citizen.

I have drawn up the following set of goals that I might be worthy of the great gift of citizenship that I have been granted:

May I, as a sovereign citizen, carry proudly upon my shoulders the innumerable responsibilities for self-government, ever mindful of my priceless, hard-won heritage.

May I willingly accept my citizenship as a trusteeship for this government, matching every liberty with corresponding duties.

May I realize that all human institutions must be born anew in the hearts and minds of each generation.

And may I build into my life the best that mankind has thought or dreamed throughout the ages, knowing that a meaningful and moral life is the foundation for meaningful and moral citizenship.

If I am able to say that these goals have been fulfilled to the best of my ability, then my responsibility as a citizen has been well fulfilled.

ESTONIA CELEBRATES ANOTHER BITTERSWEET ANNIVERSARY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ANDERSON of California. Mr. Speaker, this past week marked the 56th anniversary since the Republic of Estonia successfully achieved its independence from the Soviet Union.

Unfortunately, this will not be a day of celebration, but rather it will serve as a reminder of the plight of the nearly million and a half people enslaved behind the Iron Curtain.

Estonia declared its independence on February 24, 1918, after years of Russian domination. Despite the valor of these courageous people, they were able to preserve their freedom for only two decades. On August 6, 1940, this tiny Baltic State was absorbed into the Soviet Empire.

Mr. Speaker, it is a credit to the people of the United States that we have refused to recognize this subjugation by the Soviet Union. As a leader of liberty in the Free World, the United States must continue to support the Estonians in their struggle for independence.

On the occasion of this bittersweet celebration, may we in the free world express aloud and openly the hopes of Estonians for a happy future for their nation by recalling the hymnic chorus of the Estonian ballet, "Kalev's Son":

KALEV'S SON

But the day will dawn before us
When the torches in all houses
Flicker up and flame in both ends—
Kalev then home to his children
Reappears to make them happy
And reshape the Estonians' fortune.

WATERGATE INDICTMENTS, CONVICTIONS, GUILTY PLEAS

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. YOUNG of Georgia. Mr. Speaker, some people maintain that there are no valid grounds for the House Committee on the Judiciary to proceed with the present impeachment inquiry.

For the RECORD, I submit a listing of the persons and corporations already indicted or convicted or pleading guilty in Watergate-related matters.

Today, the Watergate grand jury indicted seven: H. R. Haldeman, former assistant to the President and chief of the White House staff; John Ehrlichman, former assistant to the President for domestic affairs; former Attorney General John N. Mitchell; Charles W. Colson, former special counsel to the President; Robert C. Maridan, former Assistant Attorney General; Gordon C. Strachan, former aide to H. R. Haldeman; and Kenneth W. Parkinson, former attorney for the Committee for the Re-Election of the President and the Finance Committee to Re-Elect the President.

The 31 individuals and the 9 corporations previously linked to Watergate by indictments or convictions or guilty pleas are listed in the following article in the March 1 Washington Star-News:

[From the Washington Star-News, Mar. 1, 1974]

THIRTY-ONE PERSONS, 9 FIRMS ALREADY LINKED TO WATERGATE

Prior to today's indictments, 31 persons and nine corporations had been indicted or convicted or had pleaded guilty in Watergate-related matters. Here is the record:

BREAK-IN

Indictment charging seven persons returned Sept. 15, 1972.

E. Howard Hunt Jr. Former CIA agent, White House consultant, member of the White House "plumbers." Pleaded guilty Jan. 11, 1973. Sentenced Nov. 9 to 30 months-8 years in prison, fined $10,000. Sought to withdraw plea, motion denied. Free pending appeal.

G. Gordon Liddy. Former White House aide and "plumber," former counsel to Committee for the Reelection of the President. Convicted Jan. 30, 1973. Sentenced March 23 to 80 months-20 years in prison fined $40,000. Cited for contempt April 3 for refusing to testify before Watergate grand jury, serving sentence up to termination of grand jury or 18 months in addition to conviction sentence. Under indictment in California in connection with burglary of Daniel Ellsberg's psychiatrist's office, in prison on Terminal Island, Calif., awaiting trial. Appealing both conviction and contempt citation.

James W. McCord Jr. Former FBI and CIA agent, former security coordinator for Nixon re-election committee. Convicted Jan. 30, 1973. Sentenced Nov. 9 to 1–5 years in prison. Free pending appeal of conviction.

Bernard L. Barker. Former CIA operative, Cuban refugee, Miami real estate broker. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 18 months-6 years in prison. Moved to withdraw plea, motion denied. Free pending appeal.

Frank A. Sturgis. Former CIA operative, sympathizer with anti-Castro movement. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1–4 years in prison. Scheduled for parole March 7, but free pending appeal on motion to withdraw plea.

Virgilio R. Gonzalez. Cuban refugee, former CIA operative, Miami locksmith. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1-4 years in prison. Due for parole March 7, but free pending appeal on motion to withdraw plea.

Eugenio R. Martinez. Cuban refugee, former CIA operative, Miami real estate salesman. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1-4 years in prison. Due for parole March 7, but free pending appeal on motion to withdraw plea.

COVER-UP

Frederick C. LaRue. Former White House and Nixon re-election aide, Mississippi businessman. Pleaded guilty June 27, 1973, to one count of conspiracy to obstruct justice. Free pending sentencing.

Jeb Stuart Magruder. Former White House aide and deputy director of Nixon re-election committee, former cosmetics salesman, now runs marketing consulting firm. Pleaded guilty Aug. 16, 1973, to one count of conspiracy to obstruct justice and defraud the U.S. in connection with both bugging plot and cover-up. Free pending sentencing.

John W. Dean III. Former Justice Department aide and White House counsel. Pleaded guilty Oct. 19, 1973, to one count of conspiracy to obstruct justice and defraud the U.S. Free pending sentencing.

Herbert L. (Bart) Porter. Former scheduling director for Nixon re-election committee. Pleaded guilty Jan. 28, 1974, to one count of making false statements to the FBI, in connection with the cover-up. Free pending sentencing.

ELLSBERG BURGLARY

California county grand jury returned indictment Sept. 4, 1973, in connection with Sept. 3, 1971, burglary of Beverly Hills office of Dr. Lewis J. Fielding, former psychiatrist of Pentagon Papers figure Daniel Ellsberg. Trial set to begin April 15.

John D. Ehrlichman. Former assistant to President Nixon for domestic affairs, had overall supervision of the "plumbers." Charged with conspiracy, burglary and perjury. Pleaded not guilty.

David R. Young Jr. Former White House aide, National Security Council aide and member of the "plumbers." Charged with conspiracy and burglary. Pleaded not guilty.

G. Gordon Liddy. Charged with conspiracy and burglary. Pleaded not guilty.

Egil (Bud) Krogh Jr. Former head of the White House "plumbers." Charged with conspiracy and burglary in California indictment. Pleaded not guilty. Subsequently charged here Oct. 11 with two federal counts of making false declarations to a Watergate grand jury in relation to Ellsberg case. Allowed to plead guilty Nov. 30 to one federal count of conspiracy to violate the rights of a citizen (Dr. Fielding), disposing of other federal charge. California charge subse-

quently dropped. Sentenced Jan. 24 to six months in prison, two years unsurpervised probation.

DIRTY TRICKS

Donald H. Segretti. Hired by White House aides to harass Democratic presidential candidates during 1972 campaign. Indicted May 4, 1973, by federal grand jury in Florida on charges of distributing illegal campaign literature. Pleaded guilty Oct. 1 to three counts. Sentenced Nov. 6 to six months in prison.

George Hearing. Indicted with Segretti in Florida on charges of distributing illegal campaign literature. Pleaded guilty, sentenced to one year in prison.

Dwight L. Chapin. Former appointments secretary to President Nixon. Indicted Nov. 29, 1973, on four counts of making false declarations to a Watergate grand jury about his relationship with Segretti. Pleaded not guilty. Trial due to begin here April 1.

VESCO CASE

Indictment returned May 10, 1973, by federal grand jury in New York City on charges arising from cash donation of $200,000 to Nixon re-election campaign by financier Robert L. Vesco. Trial began Feb. 19.

John N. Mitchell. Former U.S. attorney general, former director of Nixon re-election campaign. Charged with conspiracy to obstruct justice, attempted obstruction of justice, false declarations to a grand jury. Pleaded not guilty.

Maurice H. Stans. Longtime Nixon associate, former Commerce Secretary, finance chairman of re-election campaign. Charged with conspiracy to obstruct justice, attemped obstruction of justice, false declarations to a grand jury. Pleaded not guilty.

Robert L. Vesco. Financier, former head of IOS overseas mutual fund operation. Charged with conspiracy to obstruct justice, attempted obstruction of justice. Has remained outside the U.S. to avoid prosecution, and has successfully resisted extradition.

Harry L. Sears. Lawyer, former New Jersey state senator, New Jersey fund-raiser for Nixon re-election campaign. Charged with conspiracy to obstruct justice and attempted obstruction of justice. Pleaded not guilty. Trial to be held separately from that of Mitchell and Stans.

CAMPAIGN FUNDS

All contributions were to 1972 Nixon re-election campaign unless otherwise noted.

Herbert L. Kalmbach. Personal attorney to President Nixon, former Nixon fund-raiser and White House aide. Pleaded guilty Feb. 25, 1974, to one count of participating in an illegal political committee and illegally accepting contributions, one count of promising benefit in return for a campaign contribution. Free pending sentencing.

Jake Jacobsen. Former assistant to President Lyndon B. Johnson, Texas bank director, lawyer and lobbyist for milk producers industry. Indicted Feb. 21, 1974, on one count of making false declaration to a Watergate grand jury in connection with investigation of milk producers' contributions to 1972 Nixon reelection campaign. Arraignment set March 1.

Harry Heltzer, chairman of the board, Minnesota Mining and Manufacturing Co. Pleaded guilty Oct. 17, 1973, to making an illegal campaign contribution. Fined $500. 3M company pleaded guilty same day to same charge, fined $3,000.

Russell DeYoung, chairman of the board, Goodyear Tire and Rubber Co. Pleaded guilty Oct. 17, 1973, to making illegal contribution. Fined $1,000. Goodyear company pleaded guilty same day to same charged, fined $5,000.

Harding L. Lawrence, chairman of the board, Braniff Airways. Pleaded guilty Nov. 13, 1973, to making illegal contribution. Fined $1,000. Braniff pleaded guilty Nov. 13 to same charge, fined $5,000.

Claude C. Wild Jr., vice president, Gulf Oil Corp. Pleaded guilty Nov. 13, 1973, to making illegal contribution. Fined $1,000. Gulf company pleaded guilty same day to same charge, fined $5,000.

Orin E. Atkins, chairman of the board, Ashland Oil, Inc. Pleaded no contest Nov. 13, 1973, to making illegal contribution. Fined $1,000. Ashland Petroleum Gabon, Inc., pleaded guilty same day to same charge, fined $5,000.

William W. Keeler, chairman of the board, Phillips Petroleum Co. Pleaded guilty Dec. 4, 1973, to making illegal contribution. Fined $1,000. Phillips company pleaded guilty same day to same charge, fined $5,000.

H. Everett Olson, chairman of the board, Carnation Co. Pleaded guilty Dec. 19, 1973, to making illegal contribution. Fined $1,000. Carnation company pleaded guilty same day to same charge, fined $5,000.

American Airlines. Pleaded guilty Oct. 17, 1973, to making illegal contribution. Fined $5,000.

Dwayne O. Andreas, chairman of the board, First Interoceanic Corp. Charged Oct. 19, 1973, with four counts of making illegal contributions in 1968 to campaign of Democratic presidential candidate Hubert H. Humphrey. Has pleaded not guilty. First Interoceanic charged same day with same counts, pleaded not guilty. Trial pending in Minneapolis.

CASE FOR A FEDERAL OIL AND GAS CORPORATION—NO. 3

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HARRINGTON. Mr. Speaker, in order for the Government to determine what action must be taken to relieve the present energy situation, we must first gain a specific understanding of the operations of the petroleum industry.

By and large, the industry's own figures—unverified by independent audit—are the only ones presently available to guide Federal energy policy decisions. My colleague, Mr. DINGELL, expressed the opinion, based on information gathered during hearings of his Small Business Subcommittee, that Federal energy policymakers operate in a "total vacuum" of energy data and have "completely delegated their responsibility to the industry."

For example, the U.S. Geological Survey, an agency responsible for collecting data on energy reserves on Federal lands and the Outer Continental Shelf, relies upon the annual studies of the American Petroleum Institute and the American Gas Association for all oil and gas reserve information. The API and AGA are trade associations comprised of the oil and gas companies themselves. This reliance for information on the corporations holding the leases on Federal lands can hardly be expected to produce unbiased data.

The Federal Energy Office has recently begun to cross-check the API's estimates. For the week ending January 18, crude oil inventories had been reported by the API to have dropped 8.6 million barrels, suggesting a serious shortage, while the FEO reported a decline of only 0.8 million barrels over that same period. The Customs Bureau, in compiling figures on petroleum imports, arrived at totals differing from those reported by API by 12 million barrels in September, 24 million barrels in November, and 8 million in December. These discrepancies give rise to serious questions of credibility, increase the problems of comprehending energy data, and suggest that if action is not taken, the public will continue to deal ineffectively with our energy problems.

I have introduced legislation which would allow the Government to entry directly into the producing sector of the petroleum industry. By becoming an integral part of this industry, and competing directly with the oil firms, the Federal Oil and Gas Corporation would yield invaluable insights on how the petroleum industry functions. The Government would also be able to better verify legitimate costs of production—another area about which we know very little. We would also be better able to estimate the actual extent of petroleum reserves in areas where the Corporation would operate.

To offer a specific instance where additional knowledge is needed presently, the API collects the only available information concerning the Nation's "proven reserves." Yet the definition of this term is the amount of crude oil in a reservoir recoverable "under existing economic and operating conditions." Crucial to understanding the amount of oil reserves actually available is the definition of those "conditions." They change with price levels and technological developments, and the only way in which we can keep abreast of this pertinent information is by being directly involved in the processes of the petroleum production.

This Federal Oil and Gas Corporation bill provides for comprehensive and detailed reports of the firm's actions, operations, and accomplishments, including a statement of receipts and expenditures, to be disclosed on a regular basis to the Congress, the President, and agencies and departments of the executive branch. In addition, the bill provides that all information concerning the Corporation shall be made available to the public at any time. Energy Administrator Simon has expressed that "public disclosure is a central issue" in initiating energy legislation.

It is my belief that if the Federal Oil and Gas Corporation made this information available to the Government and the public, the private corporations would be under increased pressure to do likewise. Many of the excuses now offered by the private corporations for not turning over this information relate to the need for keeping trade secrets confidential and for maintaining national security. It is my guess that the operation of the Oil and Gas Corporation would reveal many of these explanations to be poorly founded.

In supplying the Government with data concerning the industry, the FOGC should work in cooperation with a Government energy data collecting agency. Together, those entities could yield us the knowledge needed to reinstitute a competitive market system in the petroleum industry.

LIBRARY OF CONGRESS STUDY ON ACCELERATED DEPRECIATION FOR REAL ESTATE SHOWS CONGRESSIONAL "INADVERTENCE"

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. VANIK. Mr. Speaker, several weeks ago, I requested the Library of Congress to provide me with a legislative history of the rapid depreciation provision relating to buildings.

I would like to enter a copy of this study in the RECORD at this point. As the study indicates, the provision was added without any real thought or study. It is a significant tax loophole. It is time that we study the effects of this tax provision and make necessary changes.

The study follows:

[From the Library of Congress Congressional Research Service]

STUDY OF LEGISLATIVE HISTORY OF THE RAPID DEPRECIATION PROVISION

(By Marion Schlefer, Analyst in Housing and Urban Affairs

Subject: Indications in the legislative history of the rapid depreciation provision enacted in 1954 (Sec. 167 of the Internal Revenue Code of 1954) which might suggest that rental housing was "accidentally" included among the categories of allowable depreciable assets.[1]

The following memorandum includes a brief history of depreciation provisions prior to 1946, and reviews changes in 1946 and the attitude of the Internal Revenue Service toward the 1946 rapid depreciation provision, the hearings held prior to recodification of the Internal Revenue Code in 1954, the relevant committee reports, and finally, concludes with a quotation from a speech given by a Treasury official in 1968 expressing a different point of view.

The sixteenth Amendment to the Constitution provided Congress with the power to impose a Federal income tax without apportionment among the States and without regard to population. Such a tax was subsequently imposed after the ratification of the Amendment by the Revenue Act of 1913. The law allowed a reasonable allowance for depreciation by use, exhaustion, wear and tear of property used in the course of trade or business, and with minor differences of application between corporate net income.

From 1913 to 1934 the taxpayer was generally allowed to determine the "useful life" of his asset for purposes of depreciation. IRS rarely challenged these findings. The Bureau approved the straightline method of depreciation as opposed to declining balance or other accelerated methods of depreciation. Under straight line depreciation, undepreciated balances are charged off as an expense at the time of retirement. Originally, references to obsolescence were included in IRS regulations rather than the law but normal obsolescence was incorporated in the law as a factor to be considered in determining depreciation in 1918. Normal obsolescence was to be considered in determining useful life; whereas, extraordinary obsolescence would be reflected at the time of the retirement of the asset. In 1931 the Bureau of Internal Revenue specified probable useful lives for 2,700 industrial assets. Later in 1942 it increased that number to include useful lives for about 5,000 different allowable tangible depreciable assets. The Treasury Decision 4422 published in 1934 shifted the burden of proof as to the reasonableness of the depreciation deduction to the taxpayer. Subsequent hearings before the Ways and Means Committee and the Senate Finance Committee indicated that this shift was considered a burden by the taxpayer.[2] After 1934 taxpayers tended to follow the lines prescribed by the IRS Bulletin "F" as to useful lives for assets.

In 1946 the first major change in IRS policy favoring straight line depreciation occurred when the Service allowed the use of 150 percent declining balance. A citation in the IRS Cumulative Bulletin of 1946 interprets the use of the 150 percent declining balance as follows:

INCOME: LOSSES BY INDIVIDUALS

SECTION 29.23(e)–1: Losses by individuals.

INTERNAL REVENUE CODE

Contribution of military compensation and allowances by a serviceman to a partnership. (See I. T. 3824, page 37.)

SECTION 23(l).—DEDUCTIONS FROM GROSS INCOME: DEPRECIATION

SECTION 29.23(l)–5: Method of computing depreciation allowance. (1946–19–12400 I. T. 3818.)

(Also Section 41, Section 29.41–2.)

INTERNAL REVENUE CODE AND REVENUE ACT OF 1926

Use of the declining balance method of computing depreciation for Federal income tax purposes.

Reconsideration has been given to I. T. 2369 (C.B. VI–2, 63 (1927)), which holds (syllabus) that the Bureau will neither approve nor disapprove the use of the declining balance method of computing depreciation in advance of the audit of taxpayer's return.

The Bureau now holds that the use of the declining balance method of computing depreciation will be approved, for Federal income tax purposes, provided it accords with the method of accounting regularly employed in keeping the books of the taxpayer and results in reasonable depreciation allowances and proper reflection of net income for the taxable year or years involved.

It is held further that the declining balance method and other methods of computing depreciation are methods of accounting for a change in the use of which, for Federal income tax purposes, the Commissioner's consent must first be obtained as prescribed in section 29.41–2 of Regulations 111.

I. T. 2369, supra, is hereby modified in so far as it holds that the Bureau will neither approve nor disapprove the use of the declining balance method of computing depreciation in advance of the audit of a taxpayer's return.[3]

The language in this regulation governing the method of computing depreciation allowance states that the use of the declining balance method of computing depreciation will be approved, "provided that it accords with the method of accounting regularly employed in keeping the books of the taxpayer and results in reasonable depreciation allowances and proper reflection of new income for the taxable year or years involved." The language suggests that some restraint was expected in computing depreciation allowances and raises the question for owners of rental properties of whether, in fact, depreciation calculations relate to actual accounting assumptions concerning depreciation and also whether depreciation allowances result in reasonable deductions in relation to net income for the taxable year or years involved.

The 150 percent declining balance rule was permitted prior to the enactment of the 1954 changes in tax law which were incorporated into the Recodification of the Internal Revenue Code in that year. The House hearings on general revenue code revision took place in July and August of 1953.[4] A substantial amount of testimony was presented on the subject of depreciation. However, this testimony related to the depreciation of machinery and equipment. George Terborgh, Research Director for Machinery and Allied Products Institute, argued that for the 150 percent declining balance to be attractive as an alternative to a straight-line write off, it would have to be increased to a double declining balance except for those taxpayers planning to dispose of assets during the early years of the asset's life. At a double declining rate Mr. Terborgh argued two-thirds of the cost of the asset would be written off in the first one-half of its life—this pattern would conform to the standards set forth for depreciation of machines or equipment by Mr. Terborgh. Mr. Terborgh did not discuss rental property per se. Another witness, Maurice G. Paul, Jr., Chairman, Tax Policy Committee of the Philco Corporation argued along the same lines for a more flexible depreciation policy, a return to the policy of the period prior to Treasury Decision No. 4422.

Rental housing had been included among depreciable assets prior to 1954. However, the discussion during the hearings did not concern the differences between rental housing as a depreciable asset and machinery and equipment as depreciable assets. The curves developed for depreciation were developed from data on machinery and equipment. Rental housing was only incidentally mentioned and then in connection with giving home owners the right to depreciate the expenses of investment in homes in order to offset the increasing burden of the property tax.

Nevertheless, the House Committee Report dated March 9, 1954 specifically includes rental housing as one of the tangible depreciable assets.[5]

The House Report recommended that liberalized depreciation allowances be limited to "property now in use and therefore never before subject to depreciation allowances." Discussion of committee recommendations in favor of the double declining balance method of depreciation of new assets acknowledges the problems in time and resources consumed by both the taxpayer and the IRS over determination of life of assets which had been prevalent since the 1934 Treasury Decision 4422. Granting that determination of the life of the asset as well as of allocation of depreciation allowance are both matters of judgment, the committee states:

In many cases present allowances for depreciation are not in accord with economic reality, particularly when it is considered that adequate depreciation must take account of the factor of obsolescence. The average machine or automotive unit actually depreciates considerably more and contributes more to income in its early years of use than it does in the years immediately preceding its retirement.[6]

Fearing that the then existing system constituted a barrier to investment, particularly with respect to risky commitments in fixed assets, the committee bill recommended liberalized depreciation. The Committee stressed its belief that the new method would result in the timing of allowances more in accord with the "actual pattern of loss of economic usefulness".

Senate Hearings followed in April of 1954.[7] Walter Reuther testifying before the Senate for the Congress of Industrial Organizations opposed unlike other witnesses the idea that the liberalized depreciation allowances are the "best means of stimulating growth in the economy". In discussing the specific depreciation provisions Mr. Reuther stated, "That [the idea that] investments will be stimulated by tax concessions on depreciation is a peculiar notion. The theory seems to ignore the fact that investment in new plant and equipment during the postwar period, except for a brief sag in 1949–50, established new peaks year after year . . . Liberal-

Footnotes at end of article.

ized depreciation provisions will not help stimulate the economy, will not help maintain job opportunities, will not create new jobs, . . . Business is not going to invest in new plant and equipment if the demand for products that existing plant and equipment can produce is inadequate."[8] As was the case during the House hearings, Mr. Reuther's whole argument centers on plant and equipment rather than rental property.

The depreciation provision raised much more interest during the Senate hearings than had been the case before the House. The majority of witnesses considered the provision in terms primarily of machinery and equipment. However, Mr. John C. Williamson, representative of the National Association of Real Estate Boards, presented a detailed statement relating specifically to rental housing.[9] He praised the proposed changes in tax depreciation methods which would both liberalize the useful life concept and the method of allocating depreciable cost, but pointed out that the exception of used real estate from these proposals was "unfortunate and fails to take fully into account the particular character of real estate, which over the period of its long useful life changes hands several times, and the continual necessity for maintenance of the property over its useful life by its successive owners—a degree of maintenance which is not comparable to that of machinery and equipment because of the latter's much shorter life." [10] The witness pointed to the large percentage—at least 80—of the then existing income properties which were acquired as used properties.

Because Mr. Williamson was the lone witness to discuss rental housing and the depreciation provision at length, his testimony is of particular interest. In addition to his recommendation that the depreciation allowance provisions be allowed for used rental housing, he also proposed liberalized depreciation methods as an aid to slum clearance, namely, that within urban renewal areas, during a limited period of time, deduction for the cost of demolition and residual value of the structure demolished be allowed as depreciation instead of being added to land value (which is not depreciable). Mr. Williamson also proposed special tax incentives within urban renewal areas for a limited period of time to encourage construction or rehabilitation. The witness's oral statement was limited primarily to the question of capital gains treatment for dealers in real estate. Thus the Senate Committee heard testimony directly related to the effect of the depreciation allowance provisions on rental housing but did go into the matter in the questioning of witnesses.

The Senate Report stresses the same kinds of hoped for results which the House Report stated would result from liberalizing the depreciation allowance, namely: maintenance of a high level of investment in plant and equipment; tax free recovery of costs as an incentive to management to incur risk; increasing the availability of working capital and aiding growing businesses in the financing of their expansion; and assisting in modernization and expansion of industrial capacity resulting in economic growth, increased production and a higher standard of living.[11] Although the rental housing is not mentioned in the course of justification, it is specifically listed as a tangible depreciable asset.

The Senate Committee approved the limitation of liberalized depreciation provisions to new assets both because it considered that the stimulus to investment was most important with regard to new assets, and in order to avoid artificially encouraging transfers and exchanges of partially depreciated assets, motivated primarily by tax considerations.

The Committee included the sum of the years digits system as an allowable method in addition to the straight-line, the double declining and any other method so long as accumulated allowances would not exceed that which would result from the application of the double declining method. The committee liberalized the treatment of unrecovered costs by permitting fuller amortization during late years of a property's life, and by providing that taxpayers could avail themselves of an option to switch back from double declining balance to straight-line at any time during the life of a property.

The "Summary of the New Provisions of the Internal Revenue Code of 1954" as agreed to by the Conferees generally follows the Senate Report.[12] Again this report specifically includes rental housing as an allowable tangible asset.

ADDITIONAL DOCUMENTATION

Although it is evident from the Hearings and the Reports that Congress knew it was including rental housing as an allowable tangible asset, there is no evidence that there was any major analysis of the difference in behavior between rental housing and machinery and equipment as assets. Rental housing had been included as an allowable tangible asset under prior provisions and was, apparently, simply included under the 1954 provisions. The reasons expressed for the need for liberalizing the depreciation allowance provisions, namely, to bring them into better conformity with actual economic depreciation, were related to curves developed for machinery and equipment.

The quote below expresses the strong belief on the part of a former Treasury official, Stanley S. Surrey that the liberalization was related to buildings simply as an "inadvertent appendage". This former official clearly subscribes to the idea that rental housing was "accidentally" included as an allowable tangible asset.

"The present accelerated methods were initially adopted in 1954 with industrial machinery and equipment primarily in mind. Acceleration of depreciation for buildings in 1954 appears to have been a happenstance, coming along as an inadvertent appendage to the liberalization directed at machinery and equipment. No conscious decision was made to adopt the present system as a useful device to stimulate building or to provide us with more or better housing, let alone lower-income housing. The present tax system for buildings just happened.[13]

This "inadvertency" in the extension of accelerated provision to buildings, however, has created a variety of unanticipated problems. Because of the typically high rates of debt financing in real estate, the advantages of acceleration based on the entire depreciable cost loom much larger relative to a thin margin of equity capital. The availability of the accelerated methods for buildings has thus created a variety of tax problems: deferral of tax, conversion of ordinary income into capital gain, tax-free dividends, spillover of depreciation losses against other income, the phenomenon of the negative tax on real estate earnings with the result that the after-tax income from real estate is greater than the before-tax income, and the development of all the exaggerated forms of tax avoidance inherent in the debt-financed real estate tax shelter." [14]

FOOTNOTES

[1] Recodification of the Internal Revenue Code in 1954 Public Law 591, 83rd Congress.

[2] U.S. Congress. Senate. Committee on Finance. The Internal Revenue Code of 1954. Hearings, 83rd Congress, 2nd session on H.R. 8300, an act to revise the internal revenue laws of the United States. 4 parts, April, 1954. Washington. U.S. Government Print. 1954.

U.S. Congress. Committee on Ways and Means. General Revenue Sharing Revision, 1953. Hearings 83rd Congress, 1st session on topics relating to the General Revision of the Internal Revenue Code. 4 parts, July and August. Washington. U.S. Govt. Printing Off. 1953.

[3] 1946–2. IRS Cumulative Bulletin, p. 42. I.T. 3818.

[4] House Hearings, op. cit.

[5] U.S. Congress. House of Representatives. Committee on Ways and Means. Internal Revenue Code of 1954. Report to accompany H.R. 8300. Washington Gov't. Printing Off., 1954. (83rd Conrgess, 2nd session. House. Report No. 83–1227)

[6] Ibid. p. 22

[7] Senate hearings, op. cit.

[8] Ibid. p. 810.

[9] Ibid. pp. 1341–1343

[10] Ibid. p. 1341.

[11] U.S. Congress. Senate. Committee on Finance. Internal Revenue Code of 1954. Report to accompany H.R. 8300. Washington, U.S. Govt. Print. 1954. (83d Congress, 2d session. Senate Report No. 1622)

[12] U.S. Congress Joint Committee on Internal Revenue Taxation. Summary of the New Provisions of the Internal Revenue Code of 1954 (H.R. 8300) as agreed to by the Conferees. (Public Law 591, 83d Cong.) February. 1955 Washington, Govt. Print. Off. Washington.

[13] Dan Throop Smith, one of the prime architects of the 1954 liberalization, has said, in commenting on the need for further liberalization for machinery and equipment as of 1961 (prior to the 1962 guideline revision and the investment credit): "It is not needed for real estate, depreciation allowances on which are probably too liberal. These allowances might even be reduced, though the repeal of the capital gains provision may take care of the worst of the present unfair tax advantages achieved through real estate transactions." Smith's remarks clearly indicate the primary concern in 1954 with liberal tax depreciation on machinery and equipment, in his words "the most important form of depreciable property from the standpoint of industrial productivity." Dan Throop Smith, *Federal Tax Reform*, McGraw-Hill Company, New York, 1961, Chapter 6, p. 157.

[14] Remarks by the Honorable Stanley S. Surrey. Assistant Secretary of the Treasury before the Fifth Annual Development Forum. Urban America, Inc. International House. University of California. Berkeley, California, October 28, 1968.

DON'T BUY IT—GROW IT

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. PICKLE. Mr. Speaker, recently I have started a crusade to encourage people to start gardens.

It makes sense—first, it can cut the food bill; second, it can save energy; third, it is healthy; and fourth, you can be sure that harmful chemicals have not been added to the food.

The Atlanta Constitution ran an article, on February 27, concerning the upsurge in home gardening.

I place this article, by Don O'Briant of the Constitution's staff, in the RECORD:

[From the Atlanta Constitution, Feb. 27, 1974]

DON'T BUY IT—GROW IT

(By Don O'Briant)

The number of home vegetable gardens is growing. A Gallup poll in 1972 indicated that 42 percent of the 68 million households in the United States, or 28 million, had a vegetable garden.

That number rose to 46 percent, or 31 million in 1973.

Almost anyone can have some type of garden. It can be several acres on a farm, or it can be a few pots in the window of an apartment.

For those who have planted gardens in the past and were disappointed, and for those who are planting for the first time this year and seek advice, there is help available.

The Fulton County Cooperative Extension Service of the University of Georgia College of Agriculture is sponsoring gardening clinics at various locations around Atlanta.

If you are unable to attend any of the clinics and want to begin planning your home garden now, here are a few basic hints from Extension Service reports.

First, select a site that has full sun exposure. It should be conveniently located near the house and a water supply.

The soil should be of good texture, fertile and well-drained.

Second, make a plan so that the available space can be used wisely.

For small areas, select those crops that you like best and that will produce an adequate supply on a few plants.

Also, plan to use the space continuously. When a crop has finished producing, plant another crop that is adapted to the particular time of year.

Plant tall growing plants together on the north or west side so they will not shade lower growing plants.

Make a map and keep it current so that the vegetables can be rotated within the garden from year to year.

When buying seeds, always buy good quality from a reputable company. Do not save your own seed and buy "cheap seed."

When buying plants insist on fresh, stocky plants that are free of diseases and nematodes.

The soil should be prepared by chopping litter and spading or turning deep to bury the litter. Add other organic matter such as compost, leaf mold or well-rotted sawdust.

Have a soil test made to determine lime and fertilizer needs. If the pH is low (acid soil), apply the recommended amount of lime before preparing the soil so it can be mixed with the soil during land preparation.

The best approach to fertilization is through soil analysis. Fertilize according to your soil test recommendations.

If the garden soil was not plowed or spaded in the fall, turn the ground in the spring as soon as it is dry enough to work.

A good test is to mold a handful of soil into a ball. If the ball is not sticky but crumbles readily when pressed with the thumb, the soil is in condition to be worked.

After the soil has been plowed or spaded to a depth of seven or eight inches, harrow or rake the soil.

When the soil is ready for planting, make a schedule for each crop and plant on schedule. Planting charts are available from the Extension Service or are listed on the backs of seed packets.

Early in the spring, sow the seed shallow so plants will come up quickly. Later in the summer, sow the seed deeper to insure a good moisture supply.

Always firm (but do not pack) the soil around the seed with the flat blade of the hoe, the wheel of a garden plow or with your foot.

Sow the seed a little thicker than the plants will finally stand. This will allow for those that fail to grow and for plants that may be killed when they are very young.

Use a layer of straw mulch one to two inches thick on the top of beds planted to very small seed. The mulch prevents packing of the soil around the seed when they are watered, and protects the young seedling when it first emerges.

When the plants are well established, thin out extra ones so they will not be crowded. Do the thinning early, before the plants get too tall and spindly.

Give the garden a good soaking about once a week. Light sprinklings at frequent intervals do little good.

More specific information can be provided by your county extension agent or from feed and seed merchants.

SHOULD THOSE INVOLVED IN LABOR DISPUTES BE ENTITLED TO FOOD STAMPS?

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FOLEY. Mr. Speaker, the question of whether or not individuals involved in a labor dispute should be eligible for participation in the food stamp program is still one of apparent and in my opinion, undeserved, controversy. I believe that the following remarks of Leo Perlis, director of the AFL–CIO department of community services, makes valuable contribution to the public debate on this issue and I commend it to the attention of my colleagues:

It wasn't surprising that the Reader's Digest finally joined the U.S. Chamber of Commerce in its campaign to deny public assistance to needy and otherwise eligible families of striking workers.

In its October, 1973 issue, the Digest carried an article entitled "Let's Stop Subsidizing Strikes." Without wasting time, Senior Editor George Denison expressed his bias in the very first paragraph:

"In Chicago," he wrote, "striking Teamsters walk off their $4.12-an-hour job and into the local welfare office. Elbowing aside the aged and needy, they demand—and receive—welfare payments that subsidize their strike."

Now one would suppose that Mr. Denison followed the teamsters all the way from their jobs to the local welfare office—but there is no evidence of it. On the contrary, we have a letter, dated December 7, 1973, from David L. Daniel, director of the Cook County (Chicago) Department of Public Aid, testifying that Mr. Denison's observation about teamsters "elbowing aside the aged and needy" is "totally without foundation." Denying Mr. Denison's assertion that the Chicago welfare office "subsidized their strike," Mr. Daniel declared that "assistance is issued on the basis of need and eligibility. . . . We have no idea as to what the author might have reference about strikers elbowing the aged and the needy but certainly any notion that strikers receive preferential treatment to any other applicant in need is contrary to the practice and procedures of this Department."

But since the Reader's Digest article is based almost entirely on a book entitled "Welfare and Strikes" by Armand J. Thieblot, Jr. and Ronald M. Cowin—it is necessary to take a good look at the book: who published it, who paid for it and who promotes it. This non-book has been referred to variously by the U.S. Chamber of Commerce, the National Association of Manufacturers and an assortment of anti-labor editorialists and congressmen as a "University of Pennsylvania study" or—worse—as a "solid University of Pennsylvania study." Solid is the Reader's Digest adjective. Later we'll see how "solid" the so-called "study" is. But first let's see if it is "a University of Pennsylvania study."

We have a letter, dated November 16, 1973, from Martin Meyerson, president of the University of Pennsylvania, in which he states that the so-called study does not express "the viewpoint of the University or should even imply a concurrence with the decisions reached therein. . . . the report by Armand J. Thieblot, Jr. and Ronald M. Cowin must be viewed as theirs alone."

The Thieblot-Cowin dissertation against public assistance for needy and otherwise eligible families of striking workers was published by the Industrial Research Unit of the Wharton School of Finance and Commerce of the University of Pennsylvania.

The director of the Industrial Research Unit is Herbert R. Northrup. Mr. Northrup was employed by the General Electric Company in the "take-it-or-leave-it" days of Lemuel Boulware, and he assisted Boulware in negotiations with the International Union of Electrical, Radio and Machine Workers (IUE). In one session, Mr. Northrup's sole contribution was to needle the late James B. Carey, then president of the union.

Who contributes to Mr. Northrup's Industrial Research Unit? During the past ten years some 17 companies have contributed large sums of money to this organization. They include such corporate giants as Mobil Oil, Ford Motor, United Air Lines, Lockheed Aircraft and Goodyear Tire and Rubber.

However, when asked specifically, on May 4, 1973, what companies paid for the Thieblot-Cowin "study" Mr. Northrup declined to answer. When the same question was posed to him on May 29, he again refused to answer.

But almost one year earlier, on July 13, 1972, the Daily Labor Report of the Washington-based Bureau of National Affairs had this to say about how copies of the "study" found themselves in the hands of the press corps: "Hill and Knowlton, Inc., public relations firm in New York and Washington, is distributing the report (Welfare and Strikes) to the press for the Labor Law Study Committee, a group of employer representatives and attorneys described as having the objective of bringing attention to 'abuses and inequities in labor laws' and trying to correct them."

What are the abuses and inequities that the "study" is trying to correct?

Straining hard to prove their point, the authors insist that public assistance to needy families of striking workers a) causes strikes, b) prolongs strikes, c) tilts the collective bargaining process in favor of unions, and, therefore, d) it causes inflation.

Their three theories, they say, are based upon facts. Let us look at their "facts."

The "study" claims that the strike (August 28, 1970—January 25, 1971) against Westinghouse in Lester, Pennsylvania, cost the public more than $2.5 million. However, Frank J. Letcarage, Deputy Commissioner of the Pennsylvania Department of Public Welfare, in a letter dated September 7, 1973, stated that "our statistical reporting staff has not made any study as to the public cost of that strike." How the authors of the "study" arrived at their figure is anybody's guess.

The "study" further claims that strikers (August 1, 1970—January 15, 1971) against Johns-Manville in Manville, New Jersey, received $230,075 in food stamp bonuses and approximately $20,000 a month in Aid to Families with Dependent Children (AFDC) benefits.

However, Dorothy Goldman, field representative of the Bureau of Local Operations of New Jersey Department of Institutions and Agencies, in a letter dated August 14, 1973, had this to say:

"We have not been able to ascertain the source or the validity of facts to which you refer nor could we now determine the amount of public assistance, if any, that was allegedly granted to the Johns-Manville strikers without an intensive study of all Somerset County and appropriate Municipal Welfare Department cases. Unfortunately, this is not feasi-

ble as it would require a review of not only currently active cases, but all those cases that may have been active at that time and subsequently closed.

"With respect to the Food Stamp bonuses, we may advise that this Division compiles statistics relating to the total bonuses issued in each County. However, there is no breakdown of the proportion of bonuses that may have been extended to persons participating in a strike. Therefore, we can assure you that the information contained in the above book was not obtained from this Division."

How the authors of the "study" arrived at their figures is again anybody's guess.

In their "study," which was published in 1972, the authors "calculated" that in 1973 $62,640,000 will be paid to strikers and their families from AFDC.

However, Wesley R. Grier, Acting Director of the National Center for Social Statistics of the U.S. Department of Health, Education and Welfare, in a letter signed for him by Donald A. Roache on August 14, 1973, had this to say: "Obviously, such an estimate made in mid 1972 for calendar year 1973 is questionable and subject to many variables. Foremost in this respect are (1) the number and duration of the strikes and (2) the location of the strikes relative to whether public aid is available to unemployed fathers (only 24 states have such programs)."

Trend data and statistical predictions are always open to question, but their implications in perspective can hardly be challenged. HEW's Mr. Grier, therefore, takes time to illuminate this fact. He continues to say, in the same letter, that "you will agree, however, that the amount of $62,640,000 (correct or not) represents less than 1 percent of the estimated $7.2 billion that will be spent in Federal and State funds in money payments to all types of families receiving AFDC in 1973."

But then Mr. Grier makes a final point—one which has escaped the Chamber of Commerce, the Reader's Digest and their academic fellow travelers. "We are, of course, interested," writes Mr. Grier, "in serving *all* persons in *need* (emphasis mine)."

The same point was made by Albert C. Frost, Acting Director of the Food Stamp Division of the U.S. Department of Agriculture. In a letter, dated August 20, 1973, Mr. Frost says that "since strikers must meet the same eligibility requirements as other nonstriking households, there is no specific point in the process of certifying persons for program participation to distinguish program participants who are on strike from those who are not. Thus, we have no way of reliably estimating this figure (the 'study' estimates that $238,826,000 will be spent for food stamps for strikers in 1973). Similarly, we know of no other source which would accurately estimate striker participation in the Food Stamp Program."

Nobody else seems to know of any source which "would accurately estimate striker participation" in food stamps or AFDC or in any other welfare program for that matter—except, of course, the Messrs. Theiblot and Cowin, authors of the so-called study—a "study" which was disseminated widely by corporate interests and which helped to produce anti-labor speeches, anti-labor legislation, caused anti-labor editorials and anti-labor television and radio commentaries. We have a sampling of some 50 such canned and other editorials in our files. The "study" became the "bible," as it was probably meant to be, of still another union-busting campaign by the U.S. Chamber of Commerce. It is the heart of the Reader's Digest piece which was printed more than a year after the "study" was published. Why so late? A year after is hardly news. Is it because the Chamber lost its campaign against food stamps for needy families of striking workers in this session of Congress and needs a hand in the upcoming session?

This and other questions, including how this "study" came about, who paid for it, who promotes it are questions fit for a congressional investigation of corporate exploitation of academia. Certainly, it was no empty exercise when the Chamber's Board of Directors approved, on November 8, 1973, its task force recommendation that "the National Chamber reinforce, strengthen and expand its efforts in the educational area." Would the Digest piece be required classroom reading? The Chamber must be proud of the Denison article. We have a letter, dated October 19, from Kenneth O. Gilmore, Assistant Managing Editor of the Reader's Digest, in which he states that Mr. Denison "is a lawyer who has specialized in labor law and that a great deal of careful research was conducted for the preparation of the story." I don't know what the Reader's Digest means by "careful research," but let us see. Mr. Denison never checked his story with anybody in the labor movement. There is no evidence that he checked his story with anybody in the Department of Agriculture or with anyone in the Department of Health, Education and Welfare. Mr. Denison refers to strike assistance in Chicago, Illinois, Contra Costa County, California, and Manville, New Jersey, but there is no evidence that he interviewed anyone in the departments of public welfare in these communities. On the contrary, according to correspondence in our possession, the evidence runs the other way. Still, it must be true that Mr. Denison read the Thieblot-Cowin "study" because his article is as "good" as their book. And how good is the book? Out of Wharton School's entire Industrial Relations faculty of nine, only two members were affiliated with Mr. Northrup's Industrial Research Unit at the time of the "study." One opposed the "study" openly. The other remained silent but, it is reported, he expressed his private comments about the work. It is apparent, according to one Wharton professor, "that Dr. Northrup consulted himself and agreed with himself about the content and appropriateness of this study as an academic document."

The authors of the "study" apparently consulted themselves before they reached their "scientific" conclusion that public assistance to hungry children of eligibile workers forced to take legal action to improve their working and living conditions causes and prolongs strikes against their sensitive employers, thereby tilting the collective bargaining process in favor of the union which, in turn, produces inflation.

It took Jack Anderson, in his column in the Washington Post on January 1, 1974, to confirm what everybody—except the authors of the "study"—knew: that labor in recent years was pinched by inflation and did not cause it.

"It was feared," wrote Anderson, "that labor, pinched by inflation and emboldened by the paralysis of the Nixon Administration, would wreck the economy either through intransigent strikes or inflationary wage demands. Neither happened."

How good is the book? The "study" strongly implies that welfare benefits prolong strikes.

But the senior author, Armand J. Thieblot, testifying on May 30, 1973, in the Grinnel Corporation v. Mary E. Hackett case in Providence, Rhode Island, had this to say under direct examination: "One of the questions posed in the Hunter case was how much longer would the strike last as a result of welfare benefits being made available to the strikers. Our conclusion from our study is that we cannot say, not because we have not discussed it, but because it is impossible to determine. . . . There is no way of really determining whether welfare use makes a strike longer or costlier, or both. . . ."

How good is the book? The "study" strongly implies that welfare benefits help to cause strikes.

But the U.S. Department of Labor reported, according to United Press International on July 31, 1973, that "strikes fell in the first six months of this year to the lowest rate in nine years. . . . The number of man hours of lost time declined from 13,138,000 to 10,590,000 because the strikes were of shorter duration." Obviously, the availability of public assistance does not cause strikes or prolong them. On the contrary, 1973 saw a no-strike contract in steel, swift settlements in rubber, the peaceful conclusion of negotiations in auto, and agreements without strikes in Westinghouse and General Electric, Mr. Northrup's industrial alma mater.

How good is the book? The "study" strongly implies that welfare benefits tilt collective bargaining in favor of unions.

But there is not a single shred of evidence to substantiate this view. The authors of the "study" strain mightily, but all they come up with is a theory—no facts, no figures, no evidence, just theory. But the contrary, of course, is true. What the authors don't say is that the Chamber doesn't like unions, doesn't like strikes and would rather starve needy strikers and their families into submission than offer them subsistence at public expense—part of which the strikers paid themselves when they were working. In his foreword to the "study" Mr. Northrup writes that "organized labor's drive to achieve greater bargaining power, through such mechanisms as coalition bargaining, union mergers, and the development of stronger unified national and international federations, has created a number of problems for union officials." I take it that what Mr. Northrup really means is that it has created a number of problems for company officials—and the "study" is one attempt to solve at least one problem.

The fact that workers would rather work than get on relief, the fact that workers strike as a last resort, the fact that to strike is legal, the fact that needy and eligible families are entitled to public assistance, the fact that workers pay for public assistance when they work, the fact that tax funds subsidize corporations and landowners, the fact that tax funds are used to feed, house and heal convicted murderers and prisoners of war, the fact that wives and children of striking workers are innocent in any event, the fact that strikes are soon settled, the fact that it would take fact-finding committees to determine fault in strikes, the fact that a strike may be the employer's fault, the fact that it is always immoral, unethical, inhuman and even impractical to starve needy men, women and children into submission, the fact that we are, indeed, our brother's keeper—all this apparently escapes the Reader's Digest, the authors of the study and the Chamber of Commerce.

Dr. Hans J. Falck, writing in the Winter 1973 issue of the Menninger (Mental Health) Perspective said that "people tend to believe that those on welfare are there as a result of their own shortcomings—because of their own immorality and weakness. . . . (but) the giving of help is an obligation from person to person because the welfare of one is dependent upon the welfare of others. Both the giving and receiving of help reflect the common good. . . ."

Apparently, here, the common good is of less concern to the Reader's Digest, the Chamber of Commerce and the authors of the so-called study than the corporate belief that, to paraphrase Dr. Falck, needy families of striking workers are in need because of their own shortcomings.

But a three-year study, undertaken by the Institute for Research on Poverty at the University of Wisconsin, found, as reported by the New York Times on September 2, 1973, "that poor people keep working even when they know they could receive the same income if they quit their jobs."

The Reader's Digest, the Chamber and

the authors of the so-called study have a lot to learn. The first lesson is that public assistance does not cause or prolong strikes nor does it favor unions; it is simply the last resort against hunger. The second lesson is that workers strike not to get on the public relief rolls but as a final act of desperation against untenable conditions or arbitrary employers or both. They strike for their welfare and not because of welfare.

The University of Wisconsin's group of sociologists and economists, reporting their findings at the annual convention of the American Sociological Association in New York, stated further, according to the Times, that "low income wage earners in the study kept working even when they were taxed on their earned income at rates that would send members of the middle class scurrying to the nearest tax shelter."

Another three-year study, by Dr. Louis A. Ferman of the University of Michigan and Dr. Joe A. Miller of Penn State University, concluded, according to a report by United Press International on July 2, 1973, that "the stereotype of welfare recipients as freeloaders who avoid work is far from accurate."

Obviously those who made it often forget that, by and large, people would rather work than beg. And the Reader's Digest and the Chamber of Commerce certainly made it.

And so in the face of all the facts, would the Thieblot-Cowin "study" command attention if it were not cloaked in the respectability of the University of Pennsylvania? Would Mr. Denison's article in the Reader's Digest command attention if it were not based on the so-called University of Pennsylvania study? Would the Chamber of Commerce campaign command credibility if it were not buttressed by such "studies" and articles and canned editorials?

Under the circumstances—would it be too much to ask who commissioned, paid for, printed and distributed the so-called study? And why does the University of Pennsylvania permit itself to be used as a cover for such a shabby enterprise? And why did the Reader's Digest run the Denison article more than a year after the publication of the book upon which the article is almost entirely based?

And as for the Chamber of Commerce, we all know why they believe that H. Alger was right. After all—they are the same people who gave us social security and unemployment compensation, medicare and workmen's compensation, and collective bargaining through Section 7A of the old NRA—or did they?

In response to a plea on May 9, 1973 to Billy Graham for his moral intervention on behalf of needy children in the recent AFDC referendum conducted by the Department of Heath, Education and Wefare, we received a form postcard on June 14, 1973 from Mr. George M. Wilson of the Billy Graham Evangelistic Association suggesting that we pray.

We did—and we do so now for the authors of the "study," for the Reader's Digest and for the U.S. Chamber of Commerce. They need it.

THE SAN PEDRO CHAMBER OF COMMERCE OPPOSES CLOSING OF FORT MacARTHUR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ANDERSON of California. Mr. Speaker, the recent announcement by the Department of Defense that it intends to close Fort MacArthur, the only Army post in southern California, has drawn criticism from many organizations and individuals who have great concern for the effect of the closure on the local population and the economy.

One such organization, the San Pedro Chamber of Commerce under the leadership of President Don Lorenz, has written a persuasive statement opposing the closure and adopted a resolution calling upon the Department of Defense to reconsider its decision to close this historic and important military facility.

At this point, Mr. Speaker, I insert in the RECORD the statement written by the San Pedro Chamber detailing the significant mission of Fort MacArthur and the resolution which urges the Department of Defense to reconsider its intent to close Fort MacArthur.

The material follows:

SAN PEDRO CHAMBER OF COMMERCE,
San Pedro, Calif., February 12, 1974.

Hon. GLENN M. ANDERSON,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ANDERSON: The recently announced intention of the Department of Defense to declare Fort MacArthur excess on June 30, 1975 is a matter of great concern to the residents of San Pedro, City of Los Angeles and Southern California Counties. The very significant detrimental effect that this decision would have on the local economy, employment, retired servicemen and their dependents is described in the enclosed fact sheet. Also enclosed is a resolution of the Board of Directors of the San Pedro Chamber of Commerce setting forth the effects of such a move and our unanimous request that this decision be urgently reconsidered by the Department of Defense.

We respectfully request you to employ your good offices to assist us in obtaining a reconsideration of this decision. It is a matter of great import to the Greater Los Angeles and the eight Counties of Southern California.

Yours very truly,

DON LORENZ, *President.*

FORT MACARTHUR, SAN PEDRO, CALIF.

On February 4, 1974, the Secretary of Defense announced, that as a result of the scheduled inactivation of the 19th Air Defense Artillery Group (ARADCOM) during 1974 and the relocation of U.S. Army Reserve units currently stationed at Fort MacArthur, the installation will be declared excess to Department of Defense needs on June 30, 1975.

Fort MacArthur dates back to an 1841 decree by the Mexican Governor which established approximately 50 acres of land as a "government reservation". In 1888 President Grover Cleveland used the Mexican land grant to set aside the property as public domain. In the early 1900's the State of California ceded additional land to the Federal Government, and concurrently additional lands were purchased to permit expansion to accommodate heavy artillery coastal defense. In 1914 the reservation was named in honor of Lieutenant General Arthur MacArthur (father of Douglas MacArthur). The primary mission during World War I and II was coast artillery defense against ship and submarine attack. The coast artillery defenses were inactivated after World War II, and in the 1950's NIKE air defense missile systems were established to protect the Los Angeles Area from surprise air attack. For MacArthur currently provides command and control of assigned units plus administrative and logistical support for the air defense missile systems, Army reserve components and a variety of military and civilian tenant and satellite activities within a designated geographical support area (primarily the eight Southern Counties of California, e.g., San Diego, Imperial, Riverside, San Bernardino, Orange, Los Angeles, Ventura and Santa Barbara).

Excluding the 19th Artillery Group, Fort MacArthur currently provides support to 13 active Army units plus 20 reserve units located on the installation. There are 27 off-post satellite units (includes 19 active Army units) for which the post has support responsibilities; 57 Army reserve units; 16 Army reserve centers; 105 National Guard units, 6 Army reserve area maintenance support activities and 33 ROTC units.

The Army Reserve units stationed at Fort MacArthur are scheduled to be relocated to Los Alamitos Armed Forces Reserve Center by June 30, 1975. Fort MacArthur units and tenant units with continuing missions in the Southern California Area will be relocated to leased facilities in the Los Angeles Area. The responsibility for logistical support currently being provided to off-post satellites, such as ROTC, Army Recruiting, American Forces Radio and Television Service (DOD), Armed Forces Examining and Entrance Station and Los Angeles District Engineer will be transferred to Fort Ord, California.

There are 285 military units or activities including active Army, U.S. Army Reserve and National Guard, which receive support from Fort MacArthur. The average daily strength of the units under command of or those provided support by the post is approximately 28,000 personnel.

The 1259 total civilian and military personnel assigned to and in direct support of the ARADCOM represents approximately 4.5% of the total personnel supported by Fort MacArthur. Not included in the total figure are 218 Non-appropriated Fund employees whose jobs will be eliminated as a result of base closure.

Fort MacArthur provided services and support for approximately 43,000 retired military personnel, all service. Additional support is provided to approximately 45,000 dependents of active and retired military personnel to include those who are serving elsewhere on active duty.

During 1973, the Health Clinic treated more than 105,000 cases on an outpatient basis. More than 40,000 consisted of retirees and their dependents. Approximately 12% of its patient workload is related to ARADCOM personnel and their dependents. With the closure of the Health Clinic, active duty personnel will be forced to use the Terminal Island Dispensary on an out-patient basis. Some facilities are available at the Long Beach Naval Regional Medical Center on an inpatient/outpatient basis. Only limited outpatient facilities are available at the U.S. Public Health Service Clinic in San Pedro and the medical facility at the U.S. Air Force unit in El Segundo. More retirees and their dependents will be referred out to CHAMPUS due to their lower priority.

Fort MacArthur Commissary has average monthly sales of $928,000 serving an average of 41,000 customers. Comparable facilities are available at distances from 5 to 83 miles away.

Fort MacArthur Post Exchange has monthly average sales of $561,000. The same facilities are available at bases located as near as 5 and as far as 107 miles away.

The combined payrolls of military and civilian personnel affected at Fort MacArthur to include the ARADCOM units total approximately $28 million.

The economic impact of personal income is determined by multiplying the level of income by a specified factor. This factor, determined by the Department of Commerce to be 2.63 in the Los Angeles Area, recognizes the generation of new income through repeated expenditures by wage earners. By applying the 2.63 Department of Commerce factor to Fort MacArthur's payroll of $28 million indicates an impact of approximately $74 million. In addition to the pay of personnel, Fort MacArthur procures goods and

services with an annual value of approximately $13 million from local businesses within a 75 mile radius.

The inactivation of the ARADCOM units will result in the relocation of 263 military and 321 civilians. It will also result in the elimination of 487 military jobs and 715 civilian positions.

RESOLUTION

Now whereas, Fort MacArthur, established in 1888 as a military reservation, is situated in the San Pedro District of the Greater Los Angeles Complex and adjacent to the Port of Los Angeles and is the only active Army installation in the whole of Southern California; and,

Whereas, Los Angeles is one of the most important population, economic and industrial centers in the nation; and,

Whereas, because of the desire of retired military personnel to locate in an area close to a military installation, the San Pedro area is the home of some 43,000 former career servicemen who use the post exchange, commissary and medical clinic of Fort MacArthur; and,

Whereas, an estimated 45,000 dependents of active duty soldiers, sailors and airmen live in close proximity to Fort MacArthur and use the Post facilities; and

Whereas, the decision to close Fort MacArthur would eliminate 487 military and 715 civilian jobs, and cause the relocation of logistical support of 285 reserve, National Guard and other units to Fort Ord, 360 miles to the north; and,

Whereas, logistical and administrative support to Army Reserve units in Southern California has been provided at Fort MacArthur and dispersal of this support to Fort Ord and Los Alamitos Armed Forces Reserve Center would add significantly to transportation costs alone; and,

Whereas, the veterinarian activities of the U.S. Army with detachment headquarters at Fort MacArthur is one of the major food inspection teams supplying all military services and processed a total of 660,800,000 pounds of meat, poultry and produce at Los Angeles packers in 1973; and,

Whereas, one out of every 12 active duty Army personnel are natives of Los Angeles area making this the largest concentration of home addresses for military personnel within the military services, and certain disposition of emergency matters must be maintained in this area relating to AWOL, death, either of service person or member of family, and financial assistance; and,

Whereas, the annual payroll at the Fort is $28 million, which generates $74 million worth of business in the San Pedro Area and the loss of which would cause a serious economic blow to the local economy; and,

Whereas, Fort MacArthur is more than a convenience and necessity for retired servicemen and more than a factor in the local economy, it is a significant member of the community; and,

Whereas, it is a participant in numerous civic and patriotic observances through the 72nd Army Band and its color guard and enjoyed by thousands of residents; and,

Whereas, some 4,500 young people, in such groups as the Boy Scouts, the YMCA, the Explorer Scouts and the Girl Scouts, are welcomed and enjoy the Post Facilities each year; and,

Now therefore, be it resolved, that by the passage of this resolution, the San Pedro Chamber of Commerce, urges the Departmnt of Defense to reconsider its decision to close Fort MacArthur.

DON LORENZ, *President.*

SOME FACTS ABOUT THE NATIONAL FOOTBALL LEAGUE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. KEMP. Mr. Speaker, during the debate on the television policy of the National Football League last fall, some disparaging remarks were made in this Chamber about professional football in general, and about the NFL in particular.

I would like to share with my colleagues some of the little-known facts about those activities of the NFL which often go unnoticed, but reflect an integral part of league policy, as well as some facts about the preliminary results of congressional alteration of NFL television policy.

The National Football League has volunteered NFL films and TV air time, for the promotion of federally sponsored programs, since 1971, valued at $250,000. NFL players and their families have also donated their time for radio and television commercials and personal appearances to promote these agency efforts. In the past 3 years the NFL has extended over a half million dollars of time, people and footage for governmental projects in the Department of Health, Education, and Welfare, the Federal Energy Commission, and the Department of Justice, as well as for projects dealing with sickle cell anemia, high blood pressure, Goodwill Industries, Careers, United Way, and cancer research. The National Football League and the players of the NFL have willingly and actively supported these civic service programs because they realize that their special expertise and appeal to a large cross section of our population places them in a unique position to easily influence their audiences, and in possessing that influence, that they have a responsibility to our society to encourage the development of and the participation in programs that better the society.

I am extremely proud of my years in pro football and of my affiliation with the game—its players, owners, and fans. And, as a Member of the House, I am grateful for the concern and commitment of the league to the betterment of our country and our people.

Further, I want to bring to the attention of my colleagues some current statistics on league attendance which reflect what may be the results of Congress alteration of NFL television policy.

Of primary significance is the fact that there has been a 63.7-percent increase in no-shows in the 1973 season over the 1972 season. Total no-shows in the 1973 season totaled 1,059,236, including 41,893 no-shows in traditionally sellout postseason games.

The Washington Post recently pointed out that in the 13-week season of 1972, prior to enactment of legislation to lift TV blackouts, the no-show spectator count was 524,871. For that same period in 1973, after the legislation became effective, the no-show count was 826,182.

It would seem, in the interests of objectivity, that Congress should monitor closely the effects of lifting the TV blackout. Admittedly, all the evidence is not yet in. Yet, as the Post points out:

> The real test is expected to come next season when season-ticket holders, who comprise the bulk of NFL attendance, make their decisions about renewing tickets.

To call attention to these facts is not to "cry wolf" or engage in a "doomsday" prediction about the destruction of pro football. However, the Members who voted to alter the TV policy of pro football should be open to empirical evidence that indicates trends in pro football's financial future. Rather than closing our minds, or criticizing the league for showing its side of the story, and even telling pro football to outlaw the zone defense, let us be openminded enough to watch these statistics and trends and be willing to adopt remedial legislation if the facts so warrant.

HOUSE OF REPRESENTATIVES—*Monday, March 4, 1974*

The House met at 12 o'clock noon.

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

With God nothing shall be impossible.—Luke 1: 3.

Eternal God, our Father, as we go forth into this new day fresh from Thy hand, grant unto us an awareness of Thy presence and a realization of the truth that Thou art with us. In Thee may we find strength and wisdom and love.

Forgive the sins we have committed, the mistakes we have made, and the faults we have allowed to develop. Deliver us from unworthy fears, elevate our endeavors, expand our sympathies, exalt our aspirations, and enlarge our vision.

Grant unto our President, our Speaker, and Members of Congress wisdom and understanding as they face the difficult duties of these disturbing days. Reveal to them and to our Nation the unfailing resources of power which when tapped make us strong, keep us steadfast, and hold us steady all the way.

God bless America—land that we love, stand beside her, and guide her, through the night with the light from above. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amend-