The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. DISTRICT JUDGE

The legislative clerk read the nomination of Joseph W. Morris, of Oklahoma, to be U.S. district judge for the eastern district of Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. MARSHAL

The legislative clerk read the nomination of George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, the Senate will convene at the hour of 12 o'clock noon. After the two leaders have been recognized under the standing order, there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each, at the conclusion of which the Senate will resume consideration of the unfinished business, S. 3044.

At that time the pending question will be on an amendment by Mr. TALMADGE, on which there is a time limitation of 30 minutes. Any rollcall votes on the Talmadge amendment or other amendments, motions, et cetera, will not occur until the hour of 3:30 p.m. The leadership would expect several rollcalls on Monday.

Mr. President, if there is anything in my statement of the program that has not been previously ordered, I ask unanimous consent that it be done.

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

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, and, pursuant to Senate Resolution 304, as a further mark of respect to the memory of Georges Pompidou, President of the French Republic, that the Senate now adjourn.

The motion was unanimously agreed to; and at 11:33 a.m. the Senate adjourned until Monday, April 8, 1974, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 5, 1974:

DEPARTMENT OF JUSTICE

William J. Schloth, of Georgia, to be U.S. attorney for the middle district of Georgia for the term of 4 years.

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania for the term of 4 years.

George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years.

(The above nominations were approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE JUDICIARY

Joseph W. Morris, of Oklahoma, to be U.S. district judge for the eastern district of Oklahoma.

Murray M. Schwartz, of Delaware, to be U.S. district judge for the district of Delaware.

EXTENSIONS OF REMARKS

LOCAL PHONE COMPANY SETS NEW POLICY ON GIVING DATA TO POLICE

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. OBEY. Mr. Speaker, the Wood County, Wis., Telephone Co. has decided it will not turn over long-distance call records to law enforcement or investigative agencies except under subpena or administrative summons.

The company will also notify those customers whose records have been subpenaed, unless the agency involved certifies to the company that notification "could impede its investigation and interfere with enforcement of the law."

I think the Wood County Telephone Co. should be heartily commended for adopting this policy to protect individual privacy against informal snooping by Federal, State, and local agencies.

Here is an article from the Wisconsin Rapids Tribune of March 29, explaining how the policy will work and why it was adopted:

[From the Wisconsin Rapids Tribune, Mar. 29, 1974]

PHONE COMPANY HERE SETS NEW POLICY ON GIVING DATA TO POLICE

(By Thomas Berger)

Effective immediately, the Wood County Telephone Co. will not turn over long distance telephone call records to government or law enforcement agencies of legislative committees except under subpoena or administrative summons, the board of directors of the company decided Thursday.

In the past the company honored requests from local law enforcement agencies for records of toll calls. The information included date, time, duration and number called.

James Wenzlaff, vice president and general manager of the company, refused comment on other agencies the information was released to or the number of requests received or honored.

He said he had heard news reports of other telephone companies giving the information to the Internal Revenue Service, the Federal Bureau of Investigation and the Department of Justice but refused to say if the Wood County Telephone Company had also surrendered records to the agencies.

Wisconsin Rapids Police Chief Allen Spencer and Wood County Sheriff Thomas Forsyth both said the information was requested by their agencies only very infrequently.

The company will also now begin notifying customers when their records have been subpoenaed or summoned, except in those circumstances where the agency requests the company not to disclose that information and certifies such notification "could impede its investigation and interfere with enforcement of the law."

Until now customers were informed of a subpoena or summons only if they asked whether such action had taken place, the company said. Now the person whose records are sought will be notified by a phone call and a letter written within 24 hours.

Wenzlaff said the company will no longer honor a demand for such records in the form of written requests from law enforcement agencies.

Spencer said he could not recall the last time such records were requested by Wisconsin Rapids police. Forsyth said the last time his department did was "about two years ago on a drug case."

"The FBI used to use this type of thing a lot," Forsyth said. "We have done this but on such rare occasions."

The company's officials met with Spencer and Forsyth about three weeks ago to discuss the changes in the company policies. The company also will no longer give police an unlisted number, even in case of an "emergency," Forsyth said.

"We have reviewed our policy in the all-important area of customer privacy many times over the years and these changes are the result of the latest such review," Wenzlaff said. "There are important issues involved—the right of individual privacy is vital and so is the need for effective law enforcement.

"We are deeply concerned about the need to protect individual privacy. We would prefer not to reveal anything to anybody about the billing records of our customers, but obviously we must honor subpoenas served upon us."

He said that only the information necessary for billing purposes was surrendered and "These records contain no information as to the contents of any telephone conversation."

He refused comment when asked whether the company has allowed any taps to be placed on its telephone lines.

A bill has been introduced into the Wisconsin Assembly's Judiciary Committee requiring investigators to get court permission to explore utility records of calls. Wisconsin Telephone Co. disclosed last year it provided the Justice Department with records of toll calls but discontinued the practice March 1 this year.

WE NEED THE INTERNAL SECURITY COMMITTEE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. BIAGGI. Mr. Speaker, I was pleased at the actions of the House in voting for continued funding for the

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

House Committee on Internal Security. I would like to take this occasion to express my continued strong support of the committee and its objectives.

There are those in America who feel that we no longer are in need of the HISC. Apparently, these rosy-eyed optimists are not aware of the recent wave of terrorist acts which are occurring in this country. Perhaps they are not concerned with the likes of the dreaded Symbionese Liberation Army, or the American Revolutionary Army. Or perhaps these people have been overcome with "détente" fever and no longer adhere to the belief that communism is our enemy.

No, I do not share these beliefs for a minute. I contend that rather than seeking the disbarment of this important committee, closer attention ought to be paid to its work. For example, how many Americans were even aware that the Internal Security Committee had prepared and released an extensive report on the SLA prior to the tragic Hearst kidnapping?

Let us not believe for a minute that we are so immune from threats to our internal security that we can afford the luxury of disbanding HISC. Who else can we rely on to keep effective tabs on subversive elements in our society? Perhaps some of my colleagues would prefer to see the committee room be turned over to Jane Fonda and her loyal American friends.

Let us not be so hasty in our efforts to destroy that which is necessary. The suggestion that the duties of the committee be taken over by the Judiciary Committee is unacceptable to me and those who recognize the danger of this shift. If the work of HISC were transferred to the Judiciary Committee, the net effect would be to effectively obscure this important work. I applaud the efforts of this committee and its distinguished chairman, Mr. ICHORD, in their efforts. They have my continued support and that of all Americans who realize that our internal security is a matter of paramount national importance.

BOOKER T. WASHINGTON

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. RANGEL. Mr. Speaker, today commemorates the accepted birthdate of Booker Taliaferro Washington. During the 19th century, Mr. Washington constructively and effectively carried the mantle as foremost American black leader from the famed Frederick Douglass. His influence as an educator, statesman, and black spokesman greatly affected the lives of black Americans during the turn of the century.

Mr. Washington graduated from Hampton Institute and later continued his studies at Wayland Seminary in Washington, D.C. In 1881 Washington founded Tuskegee Institute. The institute started as a simple shanty and later under his master hand it was continually expanded. Today it boasts a campus of 150 buildings and is world renowned for agriculture research and extension work. The institute also served as a base for the revolutionary discoveries of George Washington Carver.

Tuskegee Institute, however, serves as a tangible example of Mr. Washington's genius. An intangible example was the ideology of black development he provided to the majority of black Americans during Reconstruction and its aftermath.

Mr. Washington believed that blacks should attain their civil rights in a deliberate manner. He also believed that blacks could best assert their rights in the economic and moral arenas. His ideological position often allowed him to forge formidable coalitions with whites and blacks in the pursuit of civil justice for all.

I salute Mr. Washington as an outstanding American and urge my colleagues to join me in commemorating his birthday.

LARRY O'BRIEN

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. MOAKLEY. Mr. Speaker, many of us are concerned over the future of American politics. The public today is disillusioned with our political process. History offers no clearer lesson than the price nations pay for a loss of faith in government.

To find out what is wrong with politics today and to seek some direction for rebuilding public confidence, a young reporter from the Patriot-Ledger, Mr. Paul Mindus, traveled to New York to talk with Larry O'Brien.

I would like to share his report with my colleagues:

AN INTERVIEW WITH LARRY O'BRIEN

(By Paul D. Mindus)

NEW YORK.—Lawrence F. O'Brien has not fallen from power. Apparently he has walked away from it.

BEYOND RECALL

The premier strategist, unifier and loyalist of the national Democratic party does not want to be recalled as the party's chairman, does not want to run for elective office, and will not accept a draft to either role.

Larry O'Brien is not tired of politics—the focus of his life since he began campaign work around Springfield in 1938. But after 35 years and for reasons he does not fully articulate, he feels he would have little impact on a public increasingly disenchanted with politics; and about this "mass cynicism" and other matters Mr. O'Brien is depressed.

In a two-hour interview with The Patriot Ledger at his Manhattan apartment overlooking Roosevelt Island (formerly called Welfare Island), the Massachusetts-born survivor of the Kennedy Era and the "Irish Mafia" talked not about political strategy for 1976 or the congressional gains Democrats anticipate this fall.

"My thinking goes way beyond that", he said. "I'm concerned with what's happening to our democracy. If you have widespread cynicism, it goes to both parties and to all politicians."

Continuing in an uncharacteristic vein of nonpartisanship, "It really makes no difference whether the Democrats or Republicans win now or in 1976 unless something is done about the present widespread cynicism to restore confidence in our democratic system. It's the politicians who made the people cynical with excessive rhetoric and excessive promises."

He did not mention that politicians also have an excessive fear of acting in a manner that would imperil their chances of reelection, but added, "For a long time I used to think Americans had a poor voting record because of apathy, but now it's become massive cynicism, and that depresses me."

In the comfortably opulent setting of his East Side home, the steady quiet words and muted mannerisms, except for chain-smoking cigarettes, seem ages apart from the feverish charges of "espionage, sabotage and corruption" and of a way of life "bordering on a police state" with which he attacked the Nixon Administration on the eve of the 1972 election.

"I still feel that way," he said last week, but his voice no longer sounds like a political hawker.

Mr. O'Brien refuses to term himself a "recluse", and while he firmly declined any possibilities of returning to active politics, he did not rule out campaigning for certain candidates "if they feel they need me."

CAN'T ASK TEDDY

Is one of those candidates Sen. Edward Kennedy? Mr. O'Brien won't say. He called the surviving Kennedy "obviously the major potential Democratic candidate for the presidency," but he said he had been tied so personally to John and Bobby Kennedy and the assassinations that ended their political careers that "I would not ask Teddy to run."

Since the 1972 McGovern debacle, Mr. O'Brien has spent much time reflecting on the major political happenings he witnessed and often directed since beginning with JFK's 1952 Senate campaign. He is putting the finishing touches on memoirs for a book entitled "No Final Victories," to be published by Doubleday this fall.

The title, he said, indicates that political campaigns and programs can point with pride at their accomplishments, but as each aspect of a problem is understood, the process leads to more problems and greater difficulties.

Despite the so-called "legend of Larry O'Brien" as the medicine man for Democratic party rifts and the "O'Brien Manual" for organizing campaigns, he looks back on the eight years he served in government under two presidents as his most substantive contribution to political life—more important than the national wheeling and dealing which are the prize and goal. * * *

LEVEL WITH PEOPLE

And now he wants politicians and himself "to level with the American people", a theme he said he first spelled out in the opening session of the Democratic convention several weeks after Watergate.

"The cynicism bothers me more than anything else," he said.

He concluded that politicians have disenchanted the public about government, and expressed guilt on his part as well in creating political images through contrivances and polished rhetoric rather than frankly presenting candidates before the American public.

"The parties have a responsibility for direct confrontation and direct communication before 200 million people," he said angrily. "We've failed miserably to understand these problems of financing. Here's Nixon with Watergate who last year was vetoing campaign financing.

"I mean, goddamn, do the American people get excited? Not that I'm aware of. How do

you get them to point to say, "Goddammit, there has to be a campaign financing bill. There has to be an opportunity for me and my kids on that tube to know what the hell is going on and get the different points of view and have a chance at least to be an active participant in this damned democracy.

"I don't want to look at some 60-second spot where the guy has got a coat over his shoulder and is marching up a mountain. That doesn't tell me what the issues are nor how he and his party feel about them.

"The bottom line has to be who are our leaders, who do you look to?"

Mr. O'Brien is bitter about Watergate "because it has escalated the public's cynicism to a whole new level where the politicians now command less trust and respect than at any time in our nation's history."

How he expects to help restore confidence without taking an active national role is not clear, but Mr. O'Brien wants to push several measures for electoral reform:

REFORMS ADVOCATED

To mandate public financing of presidential campaigns and end the influence of the "fat cats";

To change Federal Communications Commission regulations to make mass communication by radio and television a forum for equal access by Democratic and Republican candidates for election and by party leaders to balance views on national issues;

To require "automatically" live and unrehearsed debates on national television between leading presidential candidates;

To allow national political advertising time on television in direct proportion to each party's percentage in the previous election campaigns;

To end the growing depersonalization of political campaigning through the use of "Madison Avenue imagemakers."

While these suggestions are intended to restore confidence in general terms, Mr. O'Brien said only aggressive "and vigorous action by Congress to pursue all matters relating to the abrogation of constitutional rights of individuals and abuse of governmental power in the Watergate scandal will vindicate the democratic system."

ACTION

The failure of Congress to act "would add a whole new level of disenchantment and leave the people with no leadership," he said.

He spoke cautiously about the weekend Watergate indictments against seven former high White House officials.

"The Congress under the impeachment process has a responsibility to review the indictments and to make a determination to fulfill that responsibility," he said. "I believe the American people will take the long haul and want to follow through the indictments.

"These indictments followed a 20-month investigation by fellow citizens and fulfilled an important part of the constitutional system. They were not irresponsible sorts of accusations.

"One of the brighter moments in terms of the unfolding drama is the recognition that the judiciary has consistently fulfilled its function from the beginning," he said.

He said it is unfortunate that many people construe an indictment to be some kind of determination of guilt, but agreed that the public is impatient for answers and may take conclusions wherever available.

The burden for constructive action is not on the President, he said, "even though many congressmen would like him just to resign and relieve them of the responsibility.

"THE HANGUP"

"Congress as an institution has a real problem with the American people as well as the President. Does the elected official have a responsibility to lead and educate his constituency or is it just to poll your district on what 51 per cent of your people want? That's where the hangup is," he said.

With all the concern, then, about the need for political leaders to help the public believe again in their system, why has Larry O'Brien dropped out?

He explained simply that at the end of the 1972 convention he did not want to continue as chairman. He wanted only to clean out his Washington presence and move back to New York to finish a commitment he made in 1965 to write a book.

"NO"

"Didn't you want to pick up the reins again?" he was asked.

"No, I didn't want the reins."

"Do you want them again?"

"No."

"Asolutely not?"

"No."

"Would you accept a draft?"

"No."

Why?

He believes there are able younger people with newer ideas, even though at 56, he acknowledges his contacts and expertise could still be productive.

"I've had splendid opportunities for public service and I've fulfilled a desire to be involved," he said, 'but I'm depressed. I'm depresed to see after two decades of constant activity that the American people feel the way they do.

FINDING OUT

"I'm far more depressed and concerned about this than I think any politician in America, because politicians have a tendency to wear blinders. I don't think it hurts to step out into that private sector to find out what this life is all about."

"Wouldn't you have to step back into politics to do something about what depresses you?" he was asked.

"I can't envision any role that would be meaningful in terms of making any impact on correcting a situation I think is just appallingly bad," he replied.

"I want to be completely candid with you."

Part of Mr. O'Brien's last two years has been occupied with the creation of the Lawrence F. O'Brien International Center for the study of political process at Dag Hammarskjold College in Columbia, Md.

The institute held a one-a-month political process seminar last January, and students from around the world met and discussed American politics with congressmen and national columnists.

A START

"What sold me on getting into this is that though you have a small group of students, you shouldn't turn your back," he said. "You have to start somewhere. In the final analysis, does this generation feel this system deserves continuity?

"At the end of that course, I asked for a show of hands, saying with all that has been said, 'How many of you envision being a part of this process?' and all but one raised his hand. That means something."

NULL ADAMS, JOURNALIST, HONORED FOR 50 YEARS OF SERVICE

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. JONES of Tennessee. Mr. Speaker, recently, Mr. Null Adams, one of the outstanding journalists in America, celebrated his 50th anniversary of service with the Memphis Press-Scimitar.

I have known Null for many years, and respect and admire his endeavors in the field of journalism.

On Monday, April 1, the Memphis Press-Scimitar printed an article honoring Null's 50 years of service. The text of that article follows:

Null Adams could have become a member of the Memphis Publishing Company's 25-Year Club a quarter of a century ago, had there been a club in 1949.

Yesterday, Adams, who is assistant managing editor and politics editor for the Press-Scimitar, received his pin for 50 years of service.

"I'm not old," said Adams as he addressed fellow members at a two-hour party in the company building, 495 Union. "I've just been here a long time."

Beginning at age 17 as a part-time police reporter, Adams went from reporter to city editor to his present position with The Press-Scimitar.

"I still get as much of a kick out of working for the paper now as I did my first week as a reporter," he said. "Scripps-Howard has been a wonderful vineyard to toil in these 50 years."

STUDENT RECORDS: A PROPOSED STRATEGY FOR PREVENTING ABUSES OF THE RIGHT TO PRIVACY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. KEMP. Mr. Speaker, at this point in the proceedings, I include the second part of the research paper, entitled, "Students, Parents and the School Record Prison: A Legal Strategy for Preventing Abuses," by Sarah C. Carey, attorney at law:

STUDENTS, PARENTS AND THE SCHOOL RECORD PRISON: A LEGAL STRATEGY FOR PREVENTING ABUSES—II

(By Sarah C. Carey)

A similar situation prevails in regard to State statutes governing access to the files. Most states do not guarantee parental access. At the same time, they leave the question of outside agency access up to the schools. For example, New Jersey in a fairly typical statute provides that "Public inspection of pupil records may be permitted and any other information relating to the pupils or former pupils of any school district may be furnished in accordance with rules prescribed by the state board and no liability shall attach to any member, officer or employee of any board of education permitting or furnishing the same accordingly." N.J. Stat. Ann. § 18A.36–19(1939, 1968) No special mention is made of parents.

California, on the other hand, specifically grants a parent the right to inspect written records concerning his child "in any reasonable manner in consultation with a certificated employee of the district when he requests to do so during regular hours of the school day" Calif. Code Ann. Div. 9 Ch. 1 Art 6 § 10757 (Supp. 1973). The California statutes limit access to student records generally but spell out specific exceptions; these include a state or local law enforcement officer "seeking information in the course of his duties" or a county agency responsible for protective services to children. Limited

Footnotes at end of article.

exceptions are made for employers and for officials of the U.S. when the student is a veteran. § Calif. Code Ann. Div. 9, Ch 1, Art 9.

Oregon and Nebraska are unique in imposing stringent access provisions. Oregon makes student records confidential, grants the parents a broad right of review of all records and limits access by others to grade transcripts, lists of courses taken, attendance records, achievement tests and health records. Ore. Rev. Stat. § 336.19 (Supp. 1972) Nebraska's laws grant pupils and parents full access to their own records; deny access or divulgence of record contents to other persons; require that disciplinary files be maintained separately from performance records and mandate the destruction of the former after the student has graduated or left the school 3 years.[13]

Actual practice even in those states with express statutory provisions tends to favor access by public officials, while disfavoring the parent.[14] The Russell Sage survey,[15] published in 1969 reported that of the 54 school districts examined, 20 districts denied access to the entire file to parents; 14 denied access to part of the file and 8 allowed access under certain circumstances only. On the other hand, 29 districts granted full access to CIA and FBI officials, 23 granted such access to the juvenile courts (without a subpoena) and 14 granted complete or partial access to prospective employers.[16]

C. *The legal rights of the parent:* The United States Constitution guarantees to the Individual citizen a series of fundamental rights that cannot be infringed by the federal or state governments without compelling justification. Current definitions of these rights include the right to marry,[17] the right to bear children, and maintain a family,[18] the right to control one's body,[19] and the right to direct the upbringing of one's children.[20] The essence of these rights is that they are so fundamental to personal liberty that they merit a high level of protection from incursions by the state. They are sometimes described as "fundamental" or "natural rights" inherent in American tradition or Western values; in other cases they are posited upon the 14th Amendment's guarantee of liberty or the 9th Amendment's reservation of rights to the people; and in still others they are based on common law principles.

Whatever the basis, it is clear that a parent, as part of his right to raise a family, retains basic decision-making authority and responsibility concerning his child's education that cannot be abridged by the states whether by direct exclusion of the parent or by indirect exclusion through the withholding of crucial information about the child.

(1) *The Parent Can Control Certain Basic Aspects of His Child's Education.* (a) *The "Due Process" Decisions:* In a series of major decisions, the U.S. Supreme Court has ruled that the guarantee of liberty contained in the 14th Amendment due process clause insures the right of the parent to control the upbringing of his children. That clause provides that no state may "deprive any person of life, liberty, or property, without due process of law." The precision content of the concept of "liberty" protected under this provision has been the subject of extensive debate, but it has generally been understood to encompass both those rights explicitly enumerated in the Bill of Rights as well as additional rights traditional to this society.[21]

The first decision by the U.S. Supreme Court reserving basic control over a student's education to his parents was *Meyer* v. *Nebraska* 262 U.S. 390 (1923). In that case the Court declared unconstitutional a state law that prohibited the teaching of "any subject to any person in any language other than the English language." The statute also forbade the teaching of foreign languages until the pupil had successfully past the eighth grade. The Court held that such legislation could not be justified under the guise of protecting the public; on the contrary it took judicial notice of the fact that "experience shows that this (instruction in a foreign language at an early age) is not injurious to the health, morals, or understanding of the ordinary child". It concluded instead that the statute was an unwarranted interference "with the opportunities of pupils to acquire knowledge, and with the power of the parents to control the education of their own." [22]

The Court found that the latter was an integral part of the liberty guaranteed by the due process clause. It stated:

"Without doubt, it (liberty) denotes not merely freedom from bodily restraint, but also the right of the individual to contract, to engage in any of the common occupations of life, to acquire useful knowledge, to marry, establish a home and bring up children, to worship God according to the dictates of his own conscience, and generally to enjoy those privileges long recognized at common law as essential to the orderly pursuit of happiness by free man." 262 U.S. at 399.

In 1925, in *Society of the Sisters of the Holy Name of Jesus and Mary* v. *Pierce,* 268 U.S. 510 (1925), the Court further elaborated on the control of the parent over the child's education. There, the Court invalidated an Oregon compulsory education law requiring the attendance of all students at public schools. Parents who wanted to send their children to parochial schools [23] had claimed that the law interfered with their right to religious freedom and to the upbringing of their children. In an opinion that put little emphasis on the First Amendment allegations the Court held:

"Under the doctrine of *Meyer* v. *Nebraska* . . ., we think it entirely plain that the Act of 1922 unreasonably interferes with the liberty of parents and guardians to direct the upbringing and education of children under their control. As often heretofore pointed out, rights guaranteed by the Constitution may not be abridged by legislation which has no reasonable relation to some purpose within the competency of the state. The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations." 268 U.S. at 534–35.

In subsequent years the Court repeatedly acknowledged the sanctity of the family relationship, and the right and duty of the parent to provide for the education and upbringing of his children.[24] In 1972, in *Wisconsin* v. *Yoder,* 406 U.S. 205, the Court excused Amish children of senior high school age from compulsory school attendance altogether, finding that the society in which they lived imparted to them a different but equally valid set of values and skills. Although there were religious overtones to the case, the Court held that the parents could choose the education scheme that best met the principles underlying their way of life, provided the latter was sufficiently defined. The Court rejected the state's argument that it was acting as *parens patriae,* suggesting that the state could assert that role over the parent's interest only if there were a showing of harm to the physical or mental health of the child or to the public safety, peace, order or welfare.

In reaching its decision to excuse Amish children from the state's compulsory education requirement, the Court reasoned as follows:

"The history and culture of Western civilization reflect a strong tradition of parental concern for the nurture and upbringing of their children. This primary role of the parents in the upbringing of their children is now established beyond debate as an enduring American tradition. . . . To be sure, the power of the parent, even when linked to a free exercise claim, may be subject to limitation under *Prince* if it appears that parental decisions will jeopardize the health or safety of the child, or have a potential for significant social burdens.

* * * * *

"(A) State's interest in universal education, however highly we rank it, is not totally free from a balancing process when it impinges on other fundamental rights and interests, such as those specifically protected by the Free Exercise Clause of the First Amendment and the traditional interest of parents with respect to the religious upbringing of their children . . ." 406 U.S. at 232, 233, 234, 214.

The Supreme Court decisions do not cover a broad variety of factual circumstances. And they have made it clear that the rights of the individual parent were preserved because there was no serious conflict with countervailing state interests, such as protection of the public health or safety. Despite their limited reach,[25] it can be argued on the basis of these cases that the parent has a right to make affirmative decisions concerning his child's disposition; particularly where spiritual, cultural, or psychological factors are involved. As stated above, the Court has not yet had to deal with the question of whether the parent also has a right to any records maintained by the school that are necessary to the proper exercise of his decision-making authority. However, such access should be viewed as an integral part of the basic parental right. It is unlikely that the Court would define a fundamental right on the one hand and then permit the schools to frustrate it by denying the means essential to its exercise on the other.[26]

(b) *The Ninth Amendment:* A second, to some extent overlapping, constitutional source of protecting a parent's right to control his child's education can be found in the Ninth Amendment to the U.S. Constitution. That amendment provides: "The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people." The Court has rarely elaborated upon this amendment; in fact, it was not raised with any frequency until the advent of the privacy cases; it has received further elaboration in cases challenging abortion laws; [27] laws that interfere with personal appearance and similar interferences with the person.[28]

The most extensive discussion of the reach of the Ninth Amendment is contained in Justice Goldberg's concurring opinion in *Griswold* v. *Connecticut,* 381 U.S. 479, 486 (1965). Goldberg, in arguing that the right to privacy in marriage (and hence to choose to use or not use contraceptives), although not mentioned in other sections of the Constitution, was a right contemplated by the 9th Amendment, stated:

"The 9th Amendment simply shows the intent of the Constitution's authors that fundamental rights exist that are not expressly enumerated in the first eight Amendments and an intent that the list of rights included there not be deemed exhaustive." 381 U.S. at 492.

Goldberg argued that the rights additional to the enumerated ones could be determined by looking: "to the 'traditions and (collective) conscience of our people' to determine whether a principle is so rooted (there) . . . as to be ranked as fundamental.' . . . The inquiry is whether a right involved 'is of such a character that it cannot be denied without violating those fundamental principles of liberty and justice which lie at the base of

Footnotes at end of article.

all our civil and political institutions'. . . . '. . . 'Liberty' also 'gains content from the emanations of . . . specific (constitutional guarantees' and 'from experience with the requirements of a free society.' " 381 U.S. at 493.

This language suggests that in many, but not necessarily all cases, considerable overlap will exist in the definitions of: 9th Amendment rights, the rights encompassed within the liberty promised by the due process clause, and the common law rights accruing to the individual vis-a-vis the state. In any challenge asserting a parental right to control his child's education all three sources of authority should be relied upon.[28]

FOOTNOTES

[13] Massachusetts recently enacted a parental access law that states: "Each school committee shall, at the request of a parent or guardian of a pupil or at the request of a pupil 18 years of age or older allow such parent, guardian or pupil to inspect academic, scholastic or any other records concerning such pupil which are kept or required to be kept." Ch. 785 Acts of 1973 General Laws Ch. 71, Sec. 34 E.

[14] Diane Divoky "Cumulative Records: Assault on Privacy", Learning Magazine.

[15] Footnote 3 p. 6 *supra*.

[16] A recent article on New York City showed that 28 "outside agencies had access to the school records". These included FBI agents, military intelligence officers, welfare workers, policemen, probation officers, Selective Service board representatives, district attorneys, health department workers and civil service commission officers.

[17] *Loving* v. *Virginia*, 388 U.S. 1 (1967).

[18] *Skinner* v. *Oklahoma*, 316 U.S. 535 (1942); *Meyer* v. *Nebraska*, 262 U.S. 390 (1925)

[19] *Roe* v. *Wade* — U.S. — 35 L.Ed 2d 147 (1973); *Stull* v. *School Board of the Western Beaver Junior-Senior High School et al.* 459 F.2d 339 (1972).

[20] *Wisconsin* v. *Yoder*, 406 U.S. 205 (1972); *Meyer* v. *Nebraska*, 262 U.S. 390 (1923); *Society of the Sisters of the Holy Name of Jesus and Mary* v. *Pierce*, 268 U.S. 510 (1925).

[21] These rights cannot be interfered with without substantial justification. In the words of Justice Douglas:

"Due process has not been reduced to any formula; its content cannot be determined by reference to any code. The best that can be said is that through the course of this Court's decisions it has represented the balance which our Nation, built upon postulates of respect for the liberty of the individual, has struck between that liberty and the demands of organized society. . . . It is a rational continuum which, broadly speaking, includes a freedom from all substantial arbitrary impositions and purposeless restraints" (*Poe* v. *Ullman*, 367 U.S. 497 (1961) dissenting opinion.)

[22] The court also suggested that the state could not err in the other direction by overreaching in its educational offerings. It took the example of Sparta where "in order to submerge the individual and develop ideal citizens," the males were assembled at seven "into barracks and entrusted their subsequent education and training to official guardians." The Court commented that although such measures "have been deliberately approved by men of great genius, their ideas touching upon the people of a state were wholly different from those upon which our institutions rest; and it hardly will be affirmed that any legislature could impose such restrictions upon the people of a state without doing violence to both letter and spirit of the Constitution."

[23] The Court also found an unjustified interference with the property rights of the private church schools.

[24] In *Prince* v. *Massachusetts*, 321 U.S. 158 (1943), for example, the Court upheld a statute prohibiting the sale or offer of sale of periodicals, magazines or other literature, including religious literature, on the streets or in other public places by minors but stated that "It is cardinal with us that the custody, care and nurture of the child resides first in the parents, whose primary function and freedom include preparation for obligations the state can neither supply nor hinder. . . . And it is in recognition of this that these decisions have respected the private realm of family life which the state cannot enter." Similarly in *Griswold* v. *Connecticut*, 381 U.S. 479 (1965) striking down a Connecticut law that proscribed the use of contraceptives by married people, the Court referred to the right of a parent to control his child's education established in *Pierce* and *Meyer*, as a precedent for deriving marital privacy rights from the 1st and 14th Amendments.

[25] One lower federal court has applied the right of parental control contemplated by the due process clause to preclude the exercise of corporal punishment by the school against the child. In *Glaser* v. *Marietta*, 351 F.Supp. 555 (W.D.Pa 1972) the Court stated: "The regulations enacted by the School District on their face appear to be reasonable, within the scope of authority which the state is authorized to grant to it, and in agreement with the preference of many parents. But when the regulations are confronted with the flat prohibition of a particular parent and an assertion of her fundamental rights to raise her child in the manner in which she chooses, then obviously the balancing process inherent in the *Yoder* and *Prince* cases becomes necessary." 351 F.Supp. at 560. The Court acknowledged that judicial interference with school decisions was not advisable unless basic rights were involved; it then held that the judgment as to the appropriate form of punishment for a wayward student "is that of the parent primarily, not the state, not the school and may be made by the parent absent weighty factors which we do not find exist in this case. Where justification for the deprivation of a personal liberty cannot be shown, it may not be taken away by the state or its agency." 351 F.Supp. at 561. The Court added that any parent who was unwilling to grant punishment discretion to the school had an obligation to discipline the child herself so that he would not interfere with other children. (Some federal courts have reached divergent results in regard to discipline issues).

[26] In addition to the federal court decisions basing a parent's right to determine the education of his child on the 14th Amendment's due process clause, a number of state courts have reached similar results. See, for example, *Finot* v. *Pasadena City Bd. of Ed.*, 58 Cal. Rptr. 520; 250 C.A. 2d 226 (1967) and *Dickens* v. *Ernesto*, 37 A.D. 2d 102, 322 N.Y.S. 2d 581 (1971).

[27] YWCA of *Princeton* v. *Kugler, et al.*, 342 F. Supp. 1048 at 106 (D.N.J. 1972), *Roe* v. *Wade*, 410 U.S. 43, 35 L.Ed.2d 147 (1973).

[28] See, for example, *Breen* v. *Kahl*, 419 F. 2d 1034 (1969) and *Stull* v. *School Board of Western Beaver Junior-Senior High School et al.*, 459 F. 2d 339 (1972) upholding a right to determine one's own hair style. The *Breen* Court held this to be an aspect of personal freedom whether designated "as within the penumbras of the First Amendment freedom of speech . . . or as encompassed within the Ninth Amendment as an additional fundamental right." 419 F.2d at 1036.

[29] Some states have included in their own constitutions clauses similar to the 9th Amendment. Article 1 section 31 of the Idaho constitution, for example, states: "This enumeration of rights shall not be construed to impair or deny other rights retained by the people." In 1957, the Supreme Court of Idaho in *Electors of Big Butte Area* v. *State Board of Education*, 78 Idaho 602; 308 P.2d 225 (1957), held that among these rights is the right of parents to participate in the supervision and control of the education of their children.

GSA EFFORTS TO CONSERVE ENERGY

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. HORTON. Mr. Speaker, I want to address my remarks to the Federal Government's effort to conserve energy during the last year. After examining the results to date, I believe you will agree the accomplishments speak highly of the Government's ability to respond quickly and effectively to the energy crisis.

As you may recall, the Federal energy conservation program was initiated in June of 1973 by President Nixon. The President directed the Federal Government to take immediate action to conserve energy consumption. His intent was for the Federal community to take a leadership role in energy conservation and set an example for the rest of the Nation to follow. He quantified his objective by establishing an energy reduction goal of 7 percent. In the fall of 1973, he revised the goal to 15 percent after studying the initial progress.

The direction and supervision for the Federal program has been ably provided by Energy Administrator William Simon, and Arthur F. Sampson, Administrator of General Services. Through their leadership, Federal buildings' summer cooling temperatures were raised and winter thermostats lowered. Nonessential light bulbs were removed from Federal buildings in order to reduce electrical use. A Government-wide policy of reducing total motorpool mileage by 20 percent was implemented and enforced. Compact cars were purchased instead of the larger sedans. Federal employees were encouraged to use long-distance phone calls in lieu of official Government travel. In an effort to encourage employees to carpool, 90 percent of Federal employee parking spaces are now reserved for carpoolers. GSA is to be congratulated for its swift implementation and effective management of each program.

The 6-month total energy savings overwhelmingly surpassed the President's initial 7-percent and revised 15-percent goals. The final figures indicate a total energy savings of 23.3 percent over the year before. There is no question this accomplishment would not have been achieved without a spirit of cooperation and personal sacrifice on the part of every civil servant. They are to be congratulated on a job well done. Also, special accolades should be given to Energy Administrator Simon and GSA Administrator Sampson for management of this program.

Mr. Speaker, I would like to share with my colleagues a recent statement delivered by Mr. Arthur F. Sampson, Administrator of GSA. After reading the statement, I believe my colleagues will agree that GSA's record in this field has been impressive:

[News Release]

STATEMENT OF ARTHUR F. SAMPSON

The purpose of this news conference is to give you a progress report of GSA's efforts to conserve energy today and tomorrow. GSA is moving ahead vigorously on three fronts.

NEW BUILDINGS

We have stopped designing buildings that devour and waste energy. New design guidelines based on comprehensive and effective research have been published and are being used *now!* These new design features can cut energy consumption by as much as 50%.

EXISTING BUILDINGS

We have reduced lighting. We have reduced heating. We have reduced cooling. This has saved a great amount of energy. More can be saved by retrofitting. We are doing research now and will soon issue guidelines for the conservation of energy in existing buildings.

AUTOMOBILES AND OTHER VEHICLES

The objective here is to save gas—lots of it. And, we are. This is a government-wide program. Instructions have been issued and are being followed that: reduce the miles travelled; reduce speed to 50 mph; require regular tune-ups; require carpooling; and specify the use of compacts except when larger cars are fully justified.

With reduced heating, cooling, lighting and other measures in GSA operated buildings, we are saving 1.5 million barrels of oil annually. And, with our automobile programs, we are saving at a rate of 10,000,000 gallons of gas annually.

Last June, President Nixon directed that each federal agency reduce its rate of energy consumption by seven percent.

As winter set in, the President directed the federal government to take further energy conservation steps. He told the Federal Energy Administrator that "we in the government must intensify our efforts in setting an example for the nation."

President Nixon has asked all Americans to do what they can to help conserve our country's dwindling energy supply. At GSA, we are working to reduce energy usage by providing good government management, nationwide.

In January, Energy Administrator William Simon directed GSA to implement energy-saving steps which involve all federal vehicles, buildings, procurement and federal contractors. Since then, the FEO and GSA have developed a very close and highly effective inter-agency working arrangement.

On January 21, GSA issued energy conservation policies and procedures for the entire executive branch of government. The intent is to bring about a more efficient use of energy resources. We are doing this by revising federal motor vehicle management policies; by creating and assisting with federal employee carpooling and by a more judicious use of lighting, heating and cooling in all federal buildings.

On March 8, Mr. Simon announced that energy cutbacks by government agencies have saved the Nation 45 million barrels of oil over the last six months. In taxpayer dollars, this represents a savings of about $360 million. That's an overall 23.3 percent savings in energy between July and December 1973, Mr. Simon reported.

Our Federal Energy Administrator gave most of the credit to "federal employees who cooperated enthusiastically" with the government's overall energy conservation program.

While we believe we have made progress in energy conservation, what we have done is to provide short term solutions to a long range problem. What then are we doing to help provide the long range solution?

Two years ago GSA organized a national meeting of experts to discuss energy conservation in buildings. The results of the meeting were dramatic and we decided to design and construct a model federal building to demonstrate what could be done. We selected a federal office building in Manchester, N.H., as our model.

The purpose of our seven-story Manchester demonstration building is primarily to provide a working laboratory for the installation of both recognized and innovative energy conservation techniques and equipment. It is GSA's first step toward a firm commitment to the conservation of energy in the design, construction and operation of all federal buildings.

The completed Manchester building is expected to operate with at least 40 percent less energy consumption than existing buildings of comparable size. One of its energy conservation features will be a solar energy collector on the roof for partial heating purposes.

In addition, GSA also is going to construct an environmental demonstration project building in Saginaw, Michigan, which will provide us with another type of working laboratory centering on environmental innovations. At our request, 59 colleges and universities gave us some 250 brainstorming ideas for possible inclusion in the proposed Saginaw building. As a result, the completed building is expected to make a positive contribution to its urban surrounding and provide a pleasant interior environment for employees and visitors.

The Saginaw project will include a large solar heat collector to provide pollution-free energy for the building; greatly-reduced water consumption, including collection and use of rain water for lawn irrigation; energy efficient design; and the use of recycled construction materials.

One of the things that we have learned from our efforts is that energy conservation and environmental quality in buildings go hand in hand. The environmental building in Saginaw will use many energy conservation techniques, and the Manchester energy building will include features to improve both the habitability and overall environmental aspects of the building.

Simultaneous with the design of these two buildings, GSA contracted with outside consultants and the American Institute of Architects Research Corporation to create design criteria for office buildings that would result in reduced energy consumption. GSA and the National Bureau of Standards worked with this team, and we are releasing today a publication containing the results of this effort.

The book is entitled "Energy Conservation Design Guidelines for Office Buildings."

The guidelines, the first comprehensive criteria ever printed for the construction industry, highlight more than 185 ideas for conserving energy in the design, construction and operation of office buildings. They were prepared by a partnership of Dubin-Mindell-Bloome Associates, consulting engineers; Heery and Heery, architects; and the American Institute of Architects Research Corporation, under a professional services contract with GSA's Public Buildings Service.

This book is available for use by anyone. We are going to promote its use by private industry and expect to be successful in doing so. In almost every instance, energy saved is money saved.

Commercial buildings in the U.S. consume the equivalent of 5.5 million barrels of oil daily.

Existing buildings are a different problem. They were designed and constructed to waste energy. However, a great deal can be done, at minimal cost, to save energy. Here are some of the steps taken by GSA that have reduced energy usage in buildings by 15%:

1. We have removed 1.2 million fluorescent lamps from our buildings as of December 31, 1973.

2. We have reduced lighting to approximately 50 foot candles for normal employee work station areas. This is now standard in all GSA buildings and offices, along with limitations of 30 foot candles for general work areas and up to 10 foot candles for hallways and corridors, except where safety hazards would result.

3. Additional energy savings are being provided by keeping GSA controlled space heated at between 65 and 68 degrees during normal winter working hours and cutting down to not more than 55 degress during non-work hours. This summer, we are going to cool our offices to between 80 and 82 degrees during working hours, as compared to a 76–78 degree range last summer.

4. Our GSA buildings are now being cleaned during day-time hours whenever possible to save on night-lighting.

Your government is asking all Americans to travel less, both by air and automobile. Each year, federal emyployees have travelled billions of miles on official business and, in doing so, consume more energy than any other body of travelers in the world. So we're doing something about that, too.

Recognizing the vast potential for energy savings, GSA has launched a campaign to have federal workers "travel by phone." In this campaign, government employees are encouraged to "take a ride on the FTS"—the Federal Telecommunications System.

Private citizens are being urged to drive fewer miles and to use parpools. The same demands are being made of federal employees.

During January and February of this year, the GSA Interagency Motor Pool system used an average 28 percent less fuel as compared to the anticipated consumption. And, because we've found that good maintenance of vehicles is a fuel saver, GSA's tune-up program is being emphasized nationwide.

Through the President's initiative in forming the Federal Energy Office to help cope with the energy crisis, GSA has been designated to coordinate a number of energy-saving programs. We are working with people as well as with buildings and cars.

First, to help better serve our people, GSA is working with all other federal agencies to increase carpooling. By allocating additional federal employee parking spaces around the nation to those government workers who use carpools, we are going to further save fuel, energy and space. In addition, along with the provision of more government-funded mass transit facilities, carpooling will help relieve our overcrowded urban highways and perhaps cut down on the staggering national auto death toll.

As for the government's use of cars, most VIP limousines and even the big sedans are now being phased out of the government fleet. We're now buying almost nothing but compact and sub-compact cars.

Since the inception of the President's program, 100 percent of the over 5,000 replacement sedans procured for use in the GSA Interagency Motor Pool system have been compacts. GSA also has assisted other federal agencies in buying smaller sedans to replace limousines, heavy and medium sedans.

The delivery to the government of the initial procurement of 500 compact vehicles has been completed. Delivery of the remaining 4,500 compacts is proceeding daily.

Energy conservation is nothing new to GSA. Long before the energy crisis was a reality, GSA was working to improve the management of all federal property and buildings with an objective to conserve energy as well as money. What we started doing years and months ago is now showing some impressive results.

While we know we have a good start, we also think it's only that—a start. There's more to do, there's more we can conserve, and that's what we expect to accomplish with GSA's good government management nationwide.

A REQUEST TO THE FEDERAL RESERVE: FOR 1974, TRY STAYING WITHIN THE 4- TO 6-PERCENT NEW MONEY BAND

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. REUSS. Mr. Speaker, for the past 3 years the Federal Reserve System has quite consistently kept the supply of new money—the public's checking accounts and currency—above the upper limit of the 2- to 6-percent yearly rate of increase recommended as the normal growth range by the Joint Economic Committee.

There is good ground to believe that this excessive creation of new money has caused and aggravated the acute inflation from which we still suffer. Paradoxically, interest rates today may well be higher, as a result of inflation, than they would have been had the Fed stayed within the 2- to 6-percent band, and thus helped avoid the excessive inflation which is now built into the interest rate structure.

Though it is hard to discover the rationale of the Fed by reading its published works, such as the summary reports of the Open Market Committee, I suspect that its real reasons for over the 6-percent money creation are because it felt a need to facilitate Federal borrowing; or that tighter money might unfairly squeeze interest-sensitive segments of the economy such as housing, small business, and State/local governmental borrowing; or cause a business "liquidity crisis;" or even trigger a recession. Conversely, the Fed's frequent past sorties into money growth below 2 percent may have been due to its desire to "make amends for" actions of other branches of the Government that the Fed deemed inflationary.

Thus, though paying allegiance to the 2- to 6-percent band in principle, the Fed has more often than not deviated from it in practice, because it has tried to compensate for the errors and omissions, frailties, and shortcomings of the Congress and executive branch.

Currently, new money is being created at an annual rate of 6.4 percent. My hope is that the Fed will keep the rate of new money creation under 6 percent—though not below 4 percent—at least for the rest of 1974.

It would clarify expectations, at home and abroad, if the Fed would state publicly that it intended to keep yearly growth of new money in the 4- to 6-percent range. The Federal Reserve Board, with its independence deriving from 14-year terms, has an unparalleled opportunity to speak economic truths today. It should accompany its announcement of its intention to restrict overall monetary growth to the 4- to 6-percent band by a proposed program of selective fiscal and monetary actions by the Fed, the executive branch, and the Congress to avoid recession and increased unemployment, to avoid a squeeze on housing, small business and State/local borrowing, to avoid a business "liquidity crisis."

I shall discuss the current inflation; its causes, including the consistent breaching of the new-money band on the high side; and how the Fed can help itself and the rest of the Government to do a better job of moving toward the goal of full employment without inflation.

We have experienced unacceptably rapid inflation these past several years. It is getting worse, not better. Here are the annual changes—from December to December—for the period since 1964:

Percentage change from preceding December

December 1965	1.9
December 1966	3.4
December 1967	3.0
December 1968	4.7
December 1969	6.1
December 1970	5.5
December 1971	3.4
December 1972	3.4
December 1973	3.8

The intolerable acceleration of inflation in 1973 reflected in substantial measure increases in food and energy prices. Between the fourth quarters of 1972 and 1973, consumers' food prices rose 19.5 percent and energy prices 12.8 percent.

But inflation accelerated in other sectors as well. Between the fourth quarters of 1971 and 1972 prices of items other than food and energy increased 3 percent. In the first quarter of 1973, these prices rose at an annual rate of 2.5 percent; in the second quarter the rate increased to 4.1 percent; in the third quarter the rate was 4.7 percent; in the fourth quarter it jumped to 6.8 percent.

The current inflation is not narrowly based. Though the extraordinary increases in food and energy prices have been receiving the headlines, the acceleration of inflation has been a pervasive phenomenon.

THE CAUSES OF INFLATION

SPECIAL FACTORS

Today's fearful inflation is widely believed to be due to special factors. There were, of course, special events which propelled food and energy prices upward since 1973. But the current inflation is not confined to food and energy.

In every short period which is characterized by inflation, we can point to special factors that help explain it. In 1969 and 1970, many pointed to unusually high interest rates and wage boosts in the construction industry and to the impact of medicare; for housing and medical care, prices were rising faster than prices in general. Today, many point to poor crops worldwide as causing greatly increased demand for U.S. food, and to petroleum price hikes by OPEC. Special events such as these definitely raise particular prices in the periods when they are operating.

But our current inflation is by no means entirely due to special factors beyond our control. Special factors do not cause pervasive continuing inflation. Fiscal and monetary policy excesses do.

FISCAL POLICY

Government deficits increase aggregate demand. Thus the contribution of fiscal policy to the inflation we have experienced since 1964 is widely recognized. In 1967 and 1968 large Federal deficits, in the full employment as well as the actual budget, added to demand pull pressures in those years. Since then, however, fiscal policy generally has been disinflationary. The full employment budget showed surpluses of $8.8 and $4 billion in 1969 and 1970, deficits of $2.1 and $7.7 billion in 1972, and a $5.8 billion surplus in 1973. Moreover, in 1973 the national income accounts actual budget moved from a small deficit position in the first quarter of 1973 to a balanced position in the spring quarter and to a surplus in the summer quarter.

The acceleration of economywide inflation in 1973 cannot, then, be attributed to current Federal fiscal policy. It is significant, furthermore, that the 1974 and 1975 fiscal year budget estimates indicate continued fiscal restraint. The moderate deficits in the national incomes accounts budget which are forecast—$4.7 billion in 1974 and $8.6 billion in 1975—reflect a predicted decline in economic activity. No new stimulus has been provided in fiscal 1974 and none is planned for 1975.

MONETARY POLICY

Like fiscal policy, monetary policy has a direct impact on spending by investors and consumers. In today's world of sharp pencils and zero excess bank reserves, when the Federal Reserve buys securities on the open market, augmenting bank reserves, the Nation's money supply increases very nearly immediately and by the same percentage, a 5-percent increase in reserves quickly generating a roughly 5-percent increase in money supply. In fact, often banks will have made loan commitments, and will sell securities to the Fed to obtain the reserves needed to honor these commitments without having to call in other loans. In other cases, banks quickly line up borrowers after their reserves have been increased. If the economy is buoyant, they are likely to have a waiting list of would-be borrowers.

Once the newly created money is in circulation, it circulates just like other money. Those who receive it, whether they receive it by borrowing from banks or selling goods and services to borrowers, spend and recirculate it. Because aggregate spending is increased by increasing money supply, we need to use care when increasing money supply. If the economy is operating at near-full employment, pervasive inflation follows in the wake of too rapid money supply growth. This is the classic case of "too much money chasing too few goods." It is both inexcusable and avoidable.

MONETARY POLICY GUIDELINES

In 1967, the Joint Economic Committee set forth proposed guidelines for monetary policy, to avoid both pervasive inflation and protracted recession. The committee urged the Federal Reserve to "adopt the policy of moderate and relatively steady increases in the money supply." After further study and hearings, the committee issued a report entitled, "Standards for Guiding Monetary Ac-

tion," recommending that "in normal times" money growth be kept "within the limits of 2 and 6 percent per annum."

The commonsense economics of this recommendation is that the growth of our economy's real productive capacity from all sources, including labor force growth, capital accumulation, and improvements in technology and labor force skills, has averaged 4 percent per year. Yearly money supply growth in the 2- to 6-percent range would thus keep pace with the long-term growth of our productive capacity, and at the same time allow enough flexibility to adjust both to short-run deviations in the growth of our productive capacity, and to disturbances originating in unusual special events.

A second reason for recommending a 2- to 6-percent yearly growth in money is that in the past, whenever money supply growth has been outside this range, we have had trouble. In the post-Korean war period, we suffered recessions following cutbacks in money growth below 2 percent yearly in 1953–54, 1957–58 and 1960–61. We had a minirecession when money supply growth fell to zero between April and December 1966.

The economy began to overheat in 1967, with inflation accelerating to 4.7 percent in 1968 and 6.1 percent in 1969. The stimulus from fiscal policy in the Vietnam war was, of course, a major force in the economy's overheating, at least until the surtax on incomes was enacted in mid-1968. The stimulus from monetary policy lasted well past mid-1968. Money supply growth accelerated to 6.6 percent in 1967 and 7.8 percent in 1968. The pervasive inflation of 1968 and 1969 was due in large measure to the Federal Reserve's excesses of 1967 and 1968.

Money supply growth was cut back from above 6 percent to below 2 percent per year in the second half of 1969. This sharp cutback, from well above the upper limit of the recommended range to the lower limit in less than a year, was a major factor in the recession that began in late 1969 and lasted to late 1970. The lesson here is that, if cutbacks in money supply growth are required to check inflation, they should be made slowly and prudently.

Three years ago, in the Joint Economic Report released March 30, 1971, I suggested rules of reason in implementing the basic recommendation for a 2- to 6-percent yearly money growth.

The target figure should be on the higher side of the band in periods of less than full use of resources, on the lower side in periods of full use of resources.

Moreover, the target figure should be on the higher side of the band, *or even higher* than the band, when resources are underemployed, *and simultaneously* businesses are making exceptionally heavy demands on credit, not for current business expenditures, but for additional liquidity in anticipation of future needs, or to replenish unexpected liquidity losses.

At that time—March 1971—unemployment had risen to 6 percent, while the rate of inflation had gradually been tapering off, and we had only recently passed through a severe liquidity crisis culminating in the collapse of the Penn Central. There was thus, pursuant to my proposed rule, a need to permit some leeway on the high side for money supply growth in excess of 6 percent yearly, provided close watch was kept to bring money growth below the 6-percent-per-year upper guideline as soon as the economy turned expansive.

This proviso was phrased as follows:

If the recent past has been dominated by excess demand and substantial inflation, an attempt to reach full use of resources in the short-run through accelerated monetary growth could sacrifice the prospects for non-inflationary growth over the longer run. Under such circumstances, if the economy were operating somewhat below its potential, but moving upwards, a rate of money stock growth that was too high might risk overstimulating the economy.

The full record of annualized month-to-month growth and year-to-year changes in money in the period March 1971–March 1974 is given below. I use month-to-month and year-to-year changes because these measures by their nature can only be computed in one way; quarter-to-quarter and other changes on the other hand can be misleading because they can be computed in several different ways with different results.

As is evident, since March 1971, the Federal Reserve persistently, often in extreme fashion, and for the most part with inflationary results, has chosen to keep the growth of money above 6 percent on a year-to-year basis.

PERCENTAGE GROWTH IN MONEY, MARCH 1971 TO MARCH 1974

	1971	1972	1973	1974
Month-to-month:				
January		1.5	4.7	−3.6
February		13.8	5.6	13.4
March		11.6	.9	[1] 8.8
April	9.0	7.5	6.0	
May	13.2	3.9	13.9	
June	9.9	6.9	14.2	
July	7.2	11.8	4.1	
August	1.0	6.3	−.9	
September	1.5	7.7	−3.6	
October	4.1	8.7	5.0	
November	−.7	6.2	10.4	
December	2.0	14.7	7.1	
Year-to-year:				
January			9.0	5.1
February			8.3	5.7
March			7.3	[1] 6.4
April		6.2	7.2	
May		5.4	8.1	
June		5.2	8.7	
July		5.6	8.0	
August		6.0	7.4	
September		6.7	6.4	
October		7.0	6.0	
November		7.6	6.4	
December		8.7	5.7	

[1] Based on the 1st 3 weeks of March 1974.

In 1971 there was, as just observed, some reason for expanding the money supply faster than 6 percent yearly. But by mid-1972, at the latest, it should have been clear, with unemployment beginning to break downwards and the rate of inflation again accelerating, that there was no longer any justification for exceeding the upper money supply guideline. Yet, the rate of money supply growth continued to exceed 6 percent yearly on until the summer of 1973.

Since last summer, moreover, money growth on a month-to-month basis has fluctuated wildly, and there are as yet no signs that it will be controlled in a judicious manner. The long-term trend in fact still appears to be above 6 percent yearly.

RECOMMENDATION

It is time for the Fed, for this year at least, to bring year-to-year money growth below 6 percent within the next month or two, and to keep it between 4 and 6 percent throughout 1974. The current 10 percent inflation rate is no reason whatever to increase the money supply accordingly "in order to validate the new price level." Such a rate of new money creation, added to past excessive money creation, will simply facilitate additional spending, and the 10-percent inflation will worsen.

On the other hand, money growth should not be allowed to fall below 4 percent in 1974. This is so because interest rates can be pushed up temporarily to recession-inducing levels by sharp reductions in money supply. They will recede as the recession proceeds and credit demands fall. The events of last summer and fall warn us that this scenario of interest rates being pushed up to recession-inducing levels by sharply cutting money supply can proceed very rapidly once it is begun. During the summer of 1973 the Fed cut the rate of money growth below zero, interest rates rose sharply, and financial disintermediation and a decline in housing starts, which often are the first signs of recession, quickly followed. The lesson is clear. When money supply has been increasing above 6 percent yearly for more than a year, as it had been until last summer, a recession is risked by cutting back its growth sharply, especially if it is cut below 2 percent yearly. In the coming year, therefore, the Federal Reserve must not permit yearly money growth to fall below 4 percent. There is no reason for the Federal Reserve to use its money supply powers to deliberately push up interest rates to recession-inducing levels. We want to avoid recession at least as much as we want to check inflation.

SOME TEMPTATIONS TO AVOID

The Fed can keep money growth within the 4- to 6-percent band for 1974 if it overcomes the temptation to play Mr. Fix-it to the entire economy. Specifically, it must avoid the temptation to step up money growth beyond the band:

First. To facilitate U.S. borrowing by the Treasury and by federally sponsored credit agencies.

In fact, interest rates are pulled up by feedback from increasing money supply. As inflation accelerates in the wake of stepped-up money supply growth, credit demands rise because businesses and consumers try to stockpile commodities and add equipment before prices rise still further. This pulls up interest rates. It is self-defeating, therefore, to try to stabilize interest rates to the U.S. Treasury by increasing money growth beyond the band.

If Congress and the administration in their wisdom want to increase public spending, the Federal Reserve is under no obligation to try to facilitate the necessary transfer of resources from the private to the public sector, and it should not attempt to do so.

Second. To "help" interest-rate-sensitive sectors like the thrift industry and housing.

The viability of thrift institutions and housing depends on achieving price stability. They cannot prosper in an inflationary environment. Inflationary money growth, though intended to help them, soon backfires by causing disintermediation—the withdrawal of savings deposits from thrift institutions, and the consequent drying up of mortgage money. The Federal Reserve can best assist thrift institutions and housing by keeping the money supply growing steadily and moderately, for this year 4 to 6 percent.

The Fed should accompany such a neutral 4- to 6-percent new money policy by sketching out a constructive alternative to its present policy. Today the Fed creates enough excess new money to feed the fires of inflation, without at the same time really helping either the thrift institutions or housing that it is apparently trying to help. The constructive alternative is for the Fed to create a proper, neutral amount of new money, and then, from its independent vantage point, to advise the rest of the Government what the rest of the Government should do.

With respect to thrift institutions and disintermediation, this advice might take the following form. The Home Loan Bank Board, to the limit of its resources, should act to prevent pressure on the thrift institutions. Standing back of the Home Loan Bank Board, the Fed itself could open its discount window to thrift institutions, meanwhile making compensating open market sales, if necessary, to keep money growth within the 4- to 6-percent yearly band.

With respect to housing, there is likewise an arsenal of available actions to cushion any hardship that might accompany the Fed's employing a noninflationary money policy. For example, the Fed itself could purchase for its open market portfolio more housing-related securities. The Fed and other regulatory agencies could prescribe that the various depository institutions invest minimum percentages of their time deposits in residential mortgages. Or the regulatory agencies could impose special asset reserve requirements which favor residential mortgages over other loans, such as a zero requirement for residential mortgages. The Fed could also explore the foreign experience with capital investment committees, as by assigning highest priority to residential mortgages and lowest priority to gambling casinos and similar projects. The Fed should also recommend ways in which congressional fiscal policy can be used to help housing, as by expanded governmental housing investment, and interest rate subsidies.

The conventional wisdom says that housing—and small business, and State and local governments—should be shielded from the winds of tight credit and high interest rates. It is up to the Fed to use its independent position to tell us all the hard measures that need to be taken, rather than to blur the issues by the easy and self-defeating creation of excessive new money.

Third. To combat structural unemployment caused by supply constraints such as today's energy shortfall. Extended unemployment compensation, apprenticeship subsidies, public service employment and similar programs are needed to cope with these problems and the hardships they involve. Congress is the proper body to develop these programs, and an independent and responsible Fed should tell it so. The best thing the Fed can now do to prevent unemployment is to keep money supply for this year within the 4- to 6-percent band, and to instruct Congress and the public on the proper tax and expenditure methods of fighting unemployment.

In short, the Fed should cease warping a sound monetary policy in order to compensate for what it considers to be the frailties and shortcomings of the rest of the government. Far better, let the Fed pursue a sensible monetary policy, and provide a profile in courage by telling the rest of the Government and the public the measures that are needed to get on the track of maximum employment, maximum productivity, and maximum purchasing power.

ANALYSIS OF THE COMPREHENSIVE VIETNAM ERA EDUCATION BENEFIT ACT

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. WOLFF. Mr. Speaker, in February, I, along with four of my colleagues on the House Veterans' Affairs Committee, introduced the Comprehensive Vietnam Era Education Benefits Act. An identical bill has also been introduced in the Senate with broad, bipartisan support. This legislation includes provisions that will truly equalize educational opportunities for all Vietnam vets and so upgrade the present GI bill that it will more closely resemble its World War II predecessor. The Vietnam Veterans Center, here in Washington, has prepared a comprehensive analysis of this legislation and the need for it in light of the inadequacies of the present GI program. I would like to share with my colleagues a portion of this analysis, which I feel captures the true concern of today's veteran. A selection from the Vietnam Veterans Center analysis follows:

ANALYSIS OF THE COMPREHENSIVE VIETNAM VETERANS BENEFITS ACT

The Comprehensive Bill recognizes that the present system of administering veterans educational and readjustment benefits is not meeting the specific intent and objectives of Congress and is denying readjustment assistance to thousands of Vietnam era veterans. The Comprehensive Bill amends the current GI Bill to provide specific solutions to inadequacies and shortcomings of the present system and improve the effectiveness of existing programs and opportunities for Vietnam era veterans.

It will accord all veterans presently in training programs the same subsistence increases and similar improvements to House Act. H.R. 12628, to include a 13.6% increase in the subsistence allowance and an extension of the time period in which a veteran must use his benefits from 8 to 10 years.

No Vietnam era veteran will receive less benefits than he is currently entitled to. All veterans will have greater flexibility to use their education and training benefits.

The Comprehensive Bill, in its present form, does not contain many technical and perfecting provisions that are generally supported and should be incorporated into final legislation. However, it does contain other provisions which appear similar to those approved in H.R. 12628, but are not. These provisions are the expansion of the Work Study Program and the Veterans Communication Center. (These provisions will be clarified in section by section analysis.)

Analysis of Specific Provisions of the Comprehensive Vietnam Veterans Benefits Act

A. 13.6 PERCENT INCREASE IN THE SUBSISTENCE ALLOWANCE PAID TO VETERANS IN VOCATIONAL REHABILITATION AND EDUCATION PROGRAMS

Explanation of provision

Increases the educational assistance allowance under all veterans vocational rehabilitation and education programs by 13.6%.

Justification of provision

This provision is identical to an increase enacted by the House of Representatives. It increases the monthly subsistence allowance paid to veterans in educational programs to a level that compensates for inflation and the inordinate rise in basic "living expenses" since the enactment of the current benefit levels in Oct. 1972.

Safeguards against abuse

This provision would be no more subject to abuse than the present system, therefore, no additional or special safeguards would be necessary.

Cost

The estimated cost of the 13.6% increase in educational allowance for fiscal year 1975, applied to veterans currently using their education and training benefits, is $374.1 million. (OMB) Total cost projections for fiscal 1975–79 are $1,415 billion. (OMB)

Since the purpose of the Comprehensive Bill is to enable many veterans to effectively use their readjustment benefits for the first time, it is possible that cost figures could exceed OMB estimates.

B. EXTENSION OF THE 36-MONTH ENTITLEMENT PERIOD

Explanation of provision

This provision would enable the VA to extend a veteran's benefit up to an additional 9 months in special circumstances.

Due to circumstances beyond their control, many veterans are unable to complete their programs of instruction within the time frame they are entitled to receive benefits. Such circumstances include: credits lost in transfer from one institution to another, change of a major or program of instruction, lack of sufficient preparatory background or training to complete a program of instruction. Under these or similar circumstances, the VA would have the authority to extend a veteran's benefits to enable him to complete his education or training.

Justification of provision

The conditional extension of entitlement would provide needy and deserving Vietnam veterans with special circumstances a maximum of 45 months entitlement to complete their education. All World War II veterans were accorded a full 48 months of GI benefits to complete their training.

This provision is not intended to be a blanket extension of entitlement. Its intent is similar to the "free entitlement" accorded Vietnam era veterans who need assistance *to begin* education and training programs. The conditional extension of entitlement would benefit veterans who need assistance *to complete* education and training programs.

Safeguards against abuse

Safeguards and administrative procedures similar to those used to administer the "free

entitlement" and "prep" programs would be required to administer the conditional entitlement extension. Since similar programs are now in effect, the VA should have the expertise to administer the program and prevent abuses.

Cost

The cost of the conditional entitlement extension is difficult to estimate, since the VA has no data on the effectiveness of the current program or the number and nature of problems veterans encounter in completing their education and training.

C. EXTENSION OF THE DELIMITING PERIOD FROM 8 TO 10 YEARS

Explanation of provision

This provision would extend the period in which a veteran must use his benefits from 8 to 10 years. Veterans who were discharged after January 31, 1955 and before June 1, 1966 whose eligibility for training is scheduled to expire on June 1, 1974 will have until June 1, 1976 to complete training.

Justification of provision

This provision is identical to one passed in H.R. 12628. It would enable veterans discharged in the years 1965–66 who were unable to begin education and training until 1970 when benefits were raised (above $130) to complete their training before their eligibility expires. It provides the same relief to "Cold War Veterans" who would otherwise lose their entitlement on June 1, 1974.

Safeguards against abuse

This provision would not be subject to abuse.

Cost

$166 million, Fiscal 1975; $513 million, Fiscal 1975–79. (OMB estimates)

D. ACCELERATION OF ENTITLEMENT

Explanation of provision

The Acceleration of Entitlement Provision is the most important provision of the Comprehensive Veterans Education legislation. It would enable a veteran in a full time program of instruction to receive a greater monthly subsistence allowance (reducing his total entitlement a proportional rate) provided acceleration would lead to completion of an education or training program. Acceleration is the only means whereby millions of Vietnam veterans can use their existing entitled benefits to receive vitally needed readjustment assistance for education and training.

Acceleration would open up educational opportunities to veterans who have been denied assistance and opportunities under the present GI Bill system. Under acceleration, a two year technical or vocational education could be possible for every veteran. Veterans with previous college experience could complete their educations at private institutions or attend graduate programs.

Acceleration, combined with the tuition equalizer provision would enable veterans with dependents to attend education and training programs for three school years (24 months) at almost any public school in America.

Acceleration, combined with the tuition equalizer provision would enable single veterans and veterans with one dependent to receive two school years (18 months) of education and training at almost every private institute of higher learning, vocational, technical or professional institution in America. (See special supplement on acceleration/ Appendix E).

Justification of provision

Acceleration is the only provision that will enable the Educational Assistance Program to fulfill the intent of Congress and provide assistance to millions of veterans without massive supplemental cost to the GI Bill. Acceleration recognizes that readjustment assistance and education and training must not be restricted to a four year period and that two year programs of instruction can go a long way to restoring lost educational and career opportunities for Vietnam era veterans.

The World War II GI Bill had an acceleration provision that enabled veterans to use their "educational payment" at an accelerated rate to cover yearly educational expenses in excess of the alloted $500.

Safeguards against abuse

The acceleration provision requires that a veteran must be enrolled in a program that will lead to a recognized and predetermined vocational, educational, or technical objective in order to receive his monthly payment at an accelerated rate. The acceleration provision is the only provision of the Veterans Educational Assistance Act that makes the ability to complete a program of instruction a prerequisite for receipt of benefits. The Veterans Administration has substantial latitude to determine regulations for administering the provision. It is possible that an income ceiling could be applied, as was used in the World War II GI Bill.

Cost

With the exception of the cost of veterans using benefits for the first time, this provision would add no new cost to the benefits that all eligible Vietnam era veterans are currently entitled to. Current cost by veterans using their benefits is estimated by OMB to be $600 million for fiscal 1975.

E. TUITION EQUALIZER PROGRAM

Explanation of provision

The Tuition Equalizer Provision pays the cost of tuition over $400 up to $1,000 (a total of $600) per school year. The purpose of the tuition equalizer provision is to provide veterans in states with high cost public education an equal opportunity to enter school by subsidized tuition costs to a level equal to the average tuition paid by veterans in public institutions, presently $424.

Justification of provision

"Current benefits levels, requiring as they do the payment of tuition, fees, books, and supplies, and living expenses provide the basis for 'unequal treatment of equals'. To restore equity between veterans residing in different states with differing systems of public education, some form of variable payments to ameliorate the differences in institutional costs would be required." (Finding, Educational Testing Service Report, September 1973.)

The tuition equalizer provision is the form of variable payment that will restore equity between veterans residing in states with different systems of public education.

Safeguards against abuse

The tuition equalizer provision is not a return to the World War II system of VA payment to schools for total "educational expenses" and therefore precludes many of the abuses inherent in the World War II system. The tuition equalizer provision specifically prohibits veterans from being charged tuition rates exceeding those paid by nonveterans, and prohibits payment of educational expenses other than tuition, i.e. "fees, books, supplies and other expenses."

Cost

Cost of the tuition equalizer provision is estimated by OMB to be $250 million for the fiscal year 1975.

F. EXPANSION OF THE WORK STUDY PROGRAM

Explanation of provision

The Work Study program is currently operating on a budget of $4 million per fiscal year, limiting payments to veterans at $250 per school year. This provision lifts these severe restrictions to provide a comprehensive and effective Work Study program.

Justification of the provision

The present work study program is so restricted that it cannot adequately augment a veteran's subsistence allowance, and cannot fulfill such critically needed functions as Outreach and the VA's new VETREACH Program, veterans counseling, preparation and processing of administrative work, veterans hospital and health care work, etc.

Safeguards against abuse

Work Study programs would be determined by the Veterans Administration and the funds must be appropriated by Congress. Experience gained from other Work Study programs should provide effective guidelines against abuse.

Cost

To be determined by Congress and the Veterans Administration. ($30–$50 million/estimate)

G. VIETNAM ERA VETERANS COMMUNICATIONS CENTER AND VIETNAM ERA VETERANS ADVISORY COMMITTEE

Explanation of provision

This provision establishes a Vietnam Era Communications Center and a Veterans Advisory Committee. The purpose of the center would be to insure that the Vietnam era veterans' experience and perspective would be instrumental in the planning, coordination, implementation and administration of all government programs affecting Vietnam era veterans. The Advisory Committee would assist the Communications Center in a high level national effort to utilize the $6 billion a year the Defense Department spends on training its servicemen by civilian recognition, certification, utilization, or accreditation of military training, skills and experience.

Justification of provision

"The limited effect of other federal agencies to provide education and training to veterans has been due in part to lack of overall direction, leadership and coordination." (Report of the Educational Testing Service September, 1973.)

"It is recommended that government and private licensing and certification agencies, labor unions in the apprenticeable trades, and the academic community establish procedures whereby appropriate credits can be established for specific military job skills." (National Jobs for Veterans Report of the President, March 1974.)

Safeguards against abuse

The only abuse inherent in this provision would be ineffective and uninspired implementation.

Cost

The Communications Center and Advisory Committee would be funded through existing agency funds.

THE ITALY-YUGOSLAVIA DISPUTE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. ASHBROOK. Mr. Speaker, a New York Times editorial of March 31 describes the present conflict between Italy and Yugoslavia as a "senseless quarrel." The editorial notes that these two countries have coexisted for 20 years, but it fails to ask a basic question as to the true wishes of the Slovenes and the Croatians who are involved in the present impasse. In other words, shouldn't the Slovenes and Croatians be granted the right to

vote, the right to self-determination, in this and other matters as is presently done in Italy?

Another aspect of the controversy concerns U.S. interests in this area. As many American naval strategists over the years have considered it of importance to the 6th Fleet that the Soviet Navy does not obtain bases on the Adriatic which would be land-connected with the Soviet Union through Hungary, any remedial measures which would frustrate the establishment of an overland route to the Adriatic by the Soviets should be considered.

I am writing to Secretary of State Kissinger for information as to what steps are being taken in this area.

The New York Times editorial follows:

[From the New York Times, Mar. 31, 1974]

SENSELESS QUARREL

For twenty years the flourishing relations between Yugoslavia and Italy have served as dramatic proof that even the most intractable and explosive of international problems can be resolved with patience and goodwill. Now, in fits of petulance that defy rational explanation, Belgrade and Rome are restoking the territorial quarrel that once threatened to ignite great-power conflict but that they settled, in fact if not in law, in 1954.

The Memorandum of Understanding, signed in London that year with American and British participation, assigned the port city of Trieste and some land around it to Italy while allocating the rest of the disputed territory, known as Zone B, to Yugoslavia. Rome and Belgrade knew this division was final but, since neither wished to surrender legal claims publicly, the understanding did not fix formal boundaries.

Few international accords have worked so well. The once-disputed frontier became one of the world's most open borders. Two-way trade flourished, thousands of Yugoslavs crossed daily to work in Italy without visas, Italian tourists flocked to Yugoslavia's Dalmation coast. Italy reincorporated Trieste while maintaining it as a free port; Yugoslavia attached part of Zone B to its Slovenian Republic, the rest to Croatia.

Last month, however, Yugoslavia set up new signs at some border points, proclaiming: "Socialist Federal Republic of Yugoslavia—Socialist Republic of Slovenia." A Trieste newspaper protested that this was claiming sovereignty over still-disputed land. The Rome Government then felt compelled to remind Belgrade in a note that the 1954 memorandum had not resolved questions of sovereignty or permanent borders. The quarrel has since escalated with Yugoslavia even moving tanks to the border area for the benefit of television cameras.

The refiring of this dangerous dispute is far too great a price to pay for an artificial reinforcement of unity among Yugoslavia's diverse republics or a temporary bolstering of Italy's shaky center-left Government with dubious support from fascists and monarchists. It is high time for cooler heads in both capitals to defuse the most senseless international quarrel in 1974.

A BRIEF SURVEY OF PRICE AND WAGE CONTROLS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. DERWINSKI. Mr. Speaker, a member of my staff, Mr. Robert Schuettinger, who taught political science at several universities before coming to Washington, has recently published a study of the historical effects of price and wage controls which I would like to commend to the attention of my colleagues. The study is entitled "A Brief Survey of Price and Wage Controls From 2800 B.C. to A.D. 1952," Heritage Foundation, 415 Second Street NE., Washington, D.C.

I should like to submit for the RECORD the conclusion of this timely essay:

CONCLUSION

The record of government attempts to control wages and prices is clear. Such efforts have been made in one form or another periodically in almost all times and all places since the very beginning of organized society. In all times and in all places they have just as invariably failed to achieve their announced purposes. Time after time an historian has laconically concluded ". . . the plan to control rising prices failed utterly." Or ". . . the laws were soon repealed since no one paid any attention to them."

Very often they *have* had side effects. Many rulers have been forced to resign, abdicate or commit suicide because of their unexpected consequences. Many governments have fallen. Inflation has often jumped 100 or 500 times after they were introduced. Unemployment and bankruptcies have followed in their wake. Totalitarian regimes when led by men ruthless enough have been temporarily strengthened through controls over people's livelihoods.

In Egypt, government controls over the grain crop led gradually to ownership of all the land by the state. In Babylon, in China, in Greece and Rome various kinds of regulations over the economy were tried and usually either failed completely or produced harmful effects. One of the most well-known cases of wage and price controls in the ancient world occurred in the time of the Emperor Diocletian. Thousands of people throughout the Empire were put to death before these futile laws were finally repealed.

In the Middle Ages, the city of Antwerp fell to the Spanish largely because no one would risk bringing food to the besieged city if he could not obtain the market price once he had passed by the Spanish guns.

In the American colonies, frequent attempts were made to keep down the price of beaverskins and suchlike commodities. All failed. Indians as well as the European colonists insisted on market prices for their goods and labor.

During the American War of Independence, Washington's army nearly starved at Valley Forge largely due to what John Adams called "That improvident Act for limiting prices [which] has done great injury, and [which] in my sincere opinion, if not repealed will ruin the state and introduce a civil war." [1] As one economic historian explained, "The regulation of prices by law had precisely the opposite effect to that intended; for prices were increased rather than diminished by the adoption of the measure." [2] The same historian concluded that "Tried by facts, the measure was a total failure in achieving the end proposed by its authors and ultimately had not a defender." [3]

With the coming of the Revolution in France, successive governments still failed to learn from experience. A series of so-called "Maximum Price" laws were passed and all proved ineffectual. We are told that in Paris of 1794 one observer reported that "one hundred and fifty women had crowded up to a butcher's door at four o'clock in the morning. They screamed out that it was better to pay twenty or thirty sous and have what they wanted than to pay fourteen, the maximum price, and get nothing." [4]

Footnotes at end of article.

With the advent of the nineteenth century the western world was blessed by a happy period of relative peace and prosperity. For 100 years no major wars were fought by the European Powers and the principles of free trade reached their ascendancy. Shortly after Victoria came to the British throne the famous Corn Laws (which for generations kept the price of bread higher than market levels) were repealed. As we have seen, the British authorities in India managed to avert a disastrous famine in 1866 by allowing the prices of food to fluctuate with the market thus insuring a speedy and equitable distribution of rice and grain where they were needed most.

With the breakdown of the structure of peace in 1914, however, both the Allies and the Central Powers insisted on returning to the drawing board with entirely predictable results. Even in the Organized State *par excellence* (the Kaiser's Germany) economists pronounced price and wage controls to be ineffective. No other nation, democracy or dictatorship, monarchy or republic, managed to make them work.

During the Second World War and shortly thereafter price and wage controls once again were resorted to by the major nations. Although a supreme patriotic effort in several nations (including the United States) slowed the official rise in wages and prices a bit, it is probable that the real prices and wages were little affected. Besides a thriving black market, reduction in quality of goods and increased "perquisites" for jobs (fringe benefits, overtime, etc.) all contributed toward a double system, the "official" controlled prices and wages and the "unofficial" real prices and wages.

Even the defenders of wage and price controls recognize that they result in distortions in the use of economic resources, add heavy extra costs and at least may still fail to reduce inflation.

Most economists would agree that controls of this sort produce uncertainty and hesitation. Many businessmen hold back and fail to expand into new areas and add new employees because they are not sure what will be the latest government regulation. Controls also cost millions of man-hours in both government and industry; the great expense of administering countless regulations (if we assume their effect is negligible or negative) must be recorded as colossal waste. As profits approach legal ceilings, businessmen have less reason to keep down costs; this also leads to waste of valuable resources. Insofar as wage controls actually hold down salaries, employees are not stimulated to do their work or to seek a better job and employers are restrained from securing as many and as highly skilled workers as they could productively use.

Although many economists would concede that government controls are able to restrain prices for very short periods of time (by so-called "freezes") the end result is that pent-up inflation bursts at the first opportunity, giving rise to even higher prices in the long run. This effect has been recognized at least since the very beginning of our Republic; John Adams wrote to his wife in 1777 that "I expect only a partial and temporary relief from [rising prices by means of controls] and I fear that after a time the evils will break out with greater violence. The matter will flow with greater rapidity for having been dammed up for a time." [5]

In addition to the many economic difficulties which cannot be dismissed with such quips as Lord Keynes' dictum that "in the long run we are all dead", there remains an underlying moral problem. The government of the United States was scarcely a year old when a writer in *The Connecticut Courant* asserted that "the scheme of supporting the money and regulating the price of things by penal statutes . . . always has and ever will be impracticable in a free country, because

no law can be framed to limit a man in the purchase or disposal of property, but what must infringe those principles of liberty for which we are gloriously fighting." [6]

If an historian were to sum up what we have learned from the long history of wage and price controls in this country and in many others around the world, he would have to conclude that the only thing we learn from history is that we do not learn from history.

As America's first economist, Pelatiah Webster, observed when describing the effects of the unhappy experiment with economic controls during our War of Independence, "It seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense and even from common safety [7] . . . It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws." [8]

FOOTNOTES

[1] Bolles, Albert, *The Financial History of the United States*, New York, 1896, vol. 1, pp. 165–66.
[2] *Ibid*, p. 166.
[3] *Ibid.*, p. 173.
[4] Bourne, Henry, "Food Control and Price-Fixing in Revolutionary France," *The Journal of Political Economy*, March 1919, p. 208.
[5] Bolles, *op. cit.*, p. 159.
[6] *The Connecticut Courant*, May 12, 1777.
[7] Webster, Pelatiah, *Political Essays*, Philadelphia, 1791, p. 129.
[8] *Ibid.*, p. 132.

SENATE—*Monday, April 8, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. SAM NUNN, a Senator from the State of Georgia.

PRAYER

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

O God, our Father, may this Holy Week teach us anew the power of redemptive love and the way of the cross. May all who follow the Redeemer observe these days of sacred memory in the spirit of heart-searching and holiness, of humility and penitence, of love and adoration and gratitude. Give us grace to yield our lives to the way of self-giving and sacrifice. May we ever be true to ourselves and true to Thee even though it leads to a cross of rejection and pain. While we work may we worship and ever love Thee with our whole heart and mind and soul and strength.

Through Him who died for the sins of the world. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 8, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. SAM NUNN, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. NUNN 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 Friday, April 5, 1974, be dispensed with.

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

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

CONSIDERATION OF MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 742 and 743.

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

AMENDMENT OF CERTAIN LAWS AFFECTING THE COAST GUARD

The Senate proceeded to consider the bill (H.R. 9293) to amend certain laws affecting the Coast Guard, which had been reported from the Committee on Commerce with amendments on page 4, after line 12, strike out:

(10) Section 657 is amended—

(A) by deleting from the catchline the semicolon and the words following "children";

(B) by designating the existing section as subsection (b); and

(C) by inserting a new subsection (a) as follows:

"(a) Except as otherwise authorized by the Act of September 30, 1950 (20 U.S.C. 236–244), the Secretary may provide, out of funds appropriated to or for the use of the Coast Guard, for the primary and secondary schooling of dependents of Coast Guard personnel stationed outside the continental United States at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools, if any, available in the locality are unable to provide adequately for the education of those dependents.".

On page 5, at the beginning of line 5, strike out "(11)" and insert in lieu thereof "(10)".

On page 5, at the beginning of line 16, strike out "(12)" and insert in lieu thereof "(11)".

On page 5, beginning with line 18, strike out:

(B) by amending item (section) 657 to read: "657. Dependent school children.".

On page 5, at the beginning of line 19, strike out "(C)" and insert in lieu thereof "(B)".

On page 6, at the beginning of line 1, strike out "(13)" and insert in lieu thereof "(12)".

On page 6, at the beginning of line 4, strike out "(14)" and insert in lieu thereof "(13)".

On page 6, at the beginning of line 13, strike out "(15)" and insert in lieu thereof "(14)".

On page 6, at the beginning of line 19, strike out "(16)" and insert in lieu thereof "(15)".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

THE 1980 WINTER OLYMPIC GAMES AT LAKE PLACID, N.Y.

The concurrent resolution (S. Con. Res. 72) extending an invitation to the International Olympic Committee to hold the 1980 Olympic games at Lake Placid, N.Y., in the United States, and pledging the cooperation of support of the Congress of the United States, was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 72

Whereas the International Olympic Committee will meet in October 1974, at Vienna, Austria, to consider the selection of a site for the 1980 winter Olympic games, and

Whereas Lake Placid in the town of North Elba, County of Essex, and State of New York, has been designated by the United States Olympic Committee as the United States site for the 1980 winter Olympic games, and

Whereas the residents of Lake Placid and the town of North Elba in Essex County, New York, have long been recognized throughout the world for their expertise in organizing, sponsoring, and promoting, major national and international winter sports competitions in all of the events which are a part of the winter Olympic games, and