SENATE—*Tuesday, August 24, 1976*

(Legislative Day of Monday, August 23, 1976)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by Hon. DICK CLARK, a Senator from the State of Iowa.

PRAYER

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

O Lord, our God, in whom we live and move and have our being, we know not what a day may bring but we know who will be with us all the day. Thou hast promised never to leave us nor forsake us. Wilt Thou now add to our own strength that power which comes to all who call upon Thee in spirit and in truth. Lead us moment by moment and step by step in the right direction to the correct conclusions. Preserve in us an inner serenity, an outward courtesy, and an obedience to conscience in all that we think and say and do. As we pray for those who labor here, so we lift our prayer for all whose vocation is fulfilled in Government service, the President and his counselors, all who serve in the legal, the diplomatic, and military services to the end that we may be a nation which upholds justice and righteousness and shows mercy and compassion to all people.

We pray in the name of Him who was Servant of all. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., August 24, 1976.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

Mr. CLARK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, August 23, 1976, be approved.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Chair recognizes the distinguished minority leader.

Mr. HUGH SCOTT. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New York (Mr. JAVITS) is recognized for not to exceed 15 minutes.

Mr. JAVITS. Mr. President, I just wish to inform the leadership I do not think I will require the full 15 minutes.

STATEMENT ON THE OCCASION OF THE FUNERAL OF MAJ. ARTHUR G. BONIFAS

Mr. JAVITS. Mr. President, I would like to address the Senate concerning the August 18 murder by North Korean soldiers of two American members of the United Nations command, at the site of the neutral zone of the Korean Military Armistice Commission at Panmunjom.

As we all know, two American soldiers were killed in this tragic incident: Maj. Arthur G. Bonifas, of Newburgh, N.Y., and 1st Lt. Mark T. Barrett, whose bereaved wife is living in Florida.

I wish to express my deepest condolences to the families of these two fine soldiers who were so senselessly and tragically—and brutally—killed in the service of their country.

Major Bonifas is to be buried today with full military honors at the U.S. Military Academy at West Point, of which he is a distinguished graduate. A circumstance of this tragedy that must be especially painful to Major Bonifas' wife Marcia and their three children was that the major was scheduled to return to the United States and his family in Newburgh only 2 weeks after his untimely death.

Major Bonifas' service in the Army was particularly distinguished: He served in Vietnam in 1968 and 1969 and was an instructor at West Point between 1972 and 1975. He has been awarded the United Nations Service Medal, the Bronze Star, the Army Commendation Medal, and the Vietnam Defense Service Medal. He received training as a parachutist and a ranger and earned an M.A. in math from Syracuse University.

This incident at the DMZ is only the most recent of a long history of cease-fire violations charged by the United Nations Command against North Korea; in fact the United Nations command has charged the North Koreans with 35,000 violations in the 23-year-old Korean armistice. Forty-nine Americans have died in these incidents, and over 1,000 Koreans of both sides also have died.

If the North Koreans were motivated to instigate this incident to weaken United States resolve to maintain its 41,000-man United Nations force in South Korea until objective political and military conditions permit their withdrawal, they will find that they are very mistaken.

As we have already witnessed, United States forces in Korea have been augmented with two additional fighter-bomber squadrons, an aircraft carrier task force; and, all forces have been put in an increased state of readiness. The United States show of force on August 21 supporting the cutting down of the tree—the pruning of which served as the alleged catalyst for the North Korean attack—should serve notice on North Korean President Kim Il Sung that the United States intends to maintain its commitments to the integrity of the demilitarized zone on the 38th parallel, its mutual defense treaty commitments to the Republic of Korea, and its intention to retain its forces in Korea as long as conditions there require it and at a minimum until the Republic of Korea is fully capable of meeting its defense needs with its own South Korean forces.

We must also remember in this connection that this is the United Nations command and, therefore, debate, discussion and decision in the United Nations could change the juridical situation.

In fact, this latest incident is only counterproductive to what is the likely objective of the North Koreans to weaken United States will. Many in this country have been justifiably concerned with South Korean policy respecting human rights in that nation—even though the North Korean record in human rights is infinitely worse. This incident only tends to mute that debate as it also impedes any solution of the overall question of the two Koreas in its most proper form, the negotiating table.

On August 14, South Korean President Park Chung Hee called for renewed negotiations between South and North Korea on the territorial division of Korea. This commendable action by the South Korean President stands in stark contrast to North Korea's violent action involving these two officers.

It is my sincere hope, Mr. President, that this would be the best memorial for this fine U.S. officer, Major Boniface, that a constructive lesson will come from this terrible incident which has cost the lives of two Americans. That the United States will not accept and will respond effectively to any further North Korean attempt to alter the status quo by the use of force.

North Korea is making a grave mistake if it believes that it can create dissension in the United States by its action. Even the Democratic Party's nominee for President, Governor Carter, has stated his agreement with President Ford's response to this incident. I fully support the appropriate and decisive action by the President and Secretary of State Kissinger in this regard.

The United States lost over 30,000 soldiers in the Korean war; the United States has retained its 41,000 U.N. Command troops there for over 23 years. Our resolve to maintain our commitments there will only be strengthened by such wanton and barbaric acts of North Korea as we have just witnessed.

Korea remains, since the 1950's, as one of the striking examples in which the world, through the United Nations, decided that it would not countenance aggression and took action against it. Fortunately for the world at that particular moment the Soviet Union was not sitting in the Security Council and

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hence could not express a veto. Therefore, notwithstanding the strident criticisms of President Truman, the fact is that the United States did what ultimately we will have to do, and that is lend our strength to the rule of law over the rule of force as administered through some effective and just international mechanism.

I might say too, finally, Mr. President, that the United States resolve to maintain our commitments in that area of the world will only be strengthened by such wanton and barbaric actions of North Korea as I have just mentioned. If I read the American people right, there is no diminution whatever in their determination to use such strength as Providence has given us to bring about a more peaceful and a more just world.

The only difference is that we will treat our own strength and the strength of those with whom we are allied in this effort with a great deal more restraint and discretion, and, beyond everything else, a great deal more respect for the views of all our people and for the constitutional intercession by the Congress in these awesome decisions of peace or war. There is no diminution, in my judgment, in the determination of the American people to utilize such power as we have in the interests of peace, and especially in the interests of the rule of law. We may be irritated and annoyed on occasion as to how the various international agencies work, but the ultimate objective is one with which I feel America's profound identity is deeply involved, and to which it is firmly and I hope permanently committed.

I ask unanimous consent to have printed in the RECORD a series of newspaper articles concerning this incident.

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

[From The Washington Post, Aug. 6, 1976]

2 KOREAS TRADE GUNFIRE ACROSS BUFFER ZONE

SEOUL, SOUTH KOREA.—North and South Korean troops exchanged machine gun and recoilless rifle fire across the demilitarized zone yesterday.

No casualties or damage were reported by either side during the few minutes of shooting. Each side later accused the other of starting the fight that took place 45 miles northeast of here.

The incident, the second of its kind along the 151-mile-long buffer zone in seven weeks, was reported by both the U.N. Command and North Korea at a meeting of the Korean Military Armistice Commission at Panmunjom.

In Washington, a Pentagon spokesman said yesterday's incident was "not unusual. Sometimes somebody will take a pot shot just for the hell of it. This is one more in a series of incidents over the years."

[From The New York Times, Aug. 15, 1976]

PARK IS CALLING FOR NEW TALKS BETWEEN KOREAS

SEOUL, SOUTH KOREA, Aug. 14.—President Park Chung Hee is calling for renewed negotiations between South and North Korea on the territorial division of the country.

In a speech prepared for tomorrow's commemoration of the 31st anniversary of Korea's liberation from Japanese colonial rule, Mr. Park declared that peaceful coexistence with the North remained a key policy of his Government.

At the same time, the President implied that any alternative to coexistence was war. Another aggression, he said, would mean a "disruption of the North's activities in all fields—political, economic and social."

This paragraph apparently was inserted to stress his often-asserted claim that the South was becoming capable of independently coping with another invasion from the North.

Basically, however, his statement echoed one he delivered six years ago inviting the North to join in a peaceful competition between differing ideologies. The North-South dialogue that began in this spirit in 1972—in the wake of former President Richard M. Nixon's visit to Peking—abruptly ended after a year over the North's demand that Communism be made legal in the South.

[From The New York Times, Aug. 19, 1976]

2 AMERICANS SLAIN BY NORTH KOREANS IN CLASH AT DMZ—4 U.S. SOLDIERS AND 5 SOUTH KOREANS HURT IN ASSAULT BY COMMUNISTS WITH AXES

SEOUL, SOUTH KOREA, Aug. 18.—North Korean soldiers, wielding axes and metal pikes, attacked a group of American and South Korean soldiers in the demilitarized zone today, killing two American officers and wounding four American enlisted men and five South Korean soldiers.

The attack took place as the American and South Korean soldiers were trimming branches from a tree at the Panmunjom truce site near an allied checkpoint at the south end of the "Bridge of No Return," over which prisoners were exchanged after the Korean War.

According to the United Nations Command, the American and South Korean work group was performing a routine task when two North Korean officers and some soldiers approached and, after some discussion, demanded that the Americans and South Koreans stop trimming the tree.

ORDER TO "KILL" OVERHEARD

Shortly afterward a truck carrying North Korean soldiers drove up and one of the officers was heard to tell the soldiers to "kill" the Americans and South Koreans. Then, according to the United Nations Command's account, the North Koreans rushed the Americans and South Koreans with axes, metal pikes and ax handles.

[In Kansas City, President Ford in a statement condemned the attack on the Americans and South Koreans as "brutal and cowardly" and warned that the North Korean Government would be responsible for "the consequences."

The North Koreans charged in a radio broadcast tonight that "U.S. imperialist troops" armed with "lethal weapons" had pounced on North Korean soldiers who had protested the trimming of the tree, which the broadcast said was in an area under North Korean control.

The broadcast made no mention of any casualties on either side in the clash. A Japanese news agency quoted military sources as having said that three North Koreans had been killed in the clash, but the report could not be confirmed and the United Nations Command made no mention of North Korean casualties in its statement.

[The Pentagon identified the slain American officers as Capt. Arthur G. Bonifas, 33 years old, and First Lieut. Mark T. Barrett, 25. Captain Bonifas' wife, Marcia, lives in Newburgh, N.Y. Lieutenant Barrett was the husband of Julianne R. Barrett of Columbia, S.C.]

The attack occurred at 10:45 A.M. (11:45 P.M. Tuesday, New York Time) south of Panmunjom, which is 35 miles north of Seoul. The place where the incident occurred is just south of the Quonset hut used by the Military Armistice Commission, where United States and North Korean officers have held armistice meetings for the last 23 years.

Under the 1953 armistice agreement, Americans, and South Koreans, members of the United Nations Command, as well as North Koreans are guaranteed free movement and access inside the zone.

Panmunjom, where the prolonged negotiations took place to end the Korean War in 1953, lies astride the demarcation line separating the two Koreas in the area of the 38th Parallel. Numerous clashes have occurred in the past in the small, jointly administered zone designated as the Joint Security Area.

The United Nations Command said that tree-trimming had been routinely conducted for better surveillance of both sides in this area, which is covered by thick foliage.

The United Nations Command has asked for a meeting of the Armistice Commission tomorrow to discuss the incident. Most such meetings, however, consist of inconclusive exchanges of charges and countercharges by the two sides, yielding no positive results. In 23 years the North Koreans have admitted cease-fire violations on their side only twice, out of 35,000 instances charged by the United Nations side.

Although the deaths of the two American officers today were the first in Panmunjom since the end of the Korean War, there have been numerous violent incidents in the area and along the demilitarized zone.

Even by the level of past provocations, today's attack appeared unusually brutal. In July last year, an American officer was surrounded, beaten and kicked by North Korean guards near the armistice conference building.

The United Nations Command's communique said that the Communist soldiers rushed down on the Americans today with axes, metal spikes and ax handles. The two American officers were hit in the head and died from severe head injuries and stab wounds. A South Korean enlisted man was hospitalized, but details of his condition were not given.

Today's clash came as North Korea stepped up its campaign against the United States presence in Korea, charging that the Americans had completed plans for an invasion of North Korea from the South and that a new war could break out at any moment.

NORTH KOREAN GIVES WARNING

COLOMBO, SRI LANKA, Aug. 18.—Foreign Minister Ho Dam of North Korea warned today that "the situation is becoming more urgent in our country, and a war may break out at any moment."

Mr. Ho's comment, at a news conference, was not made in the context of the shooting incident in Korea's demilitarized zone, and he gave no indication, that he was aware of the incident.

The Foreign Minister, who is here as a member of his country's delegation to the conference of nonaligned leaders this week, has been making the same point ever since he arrived, in speeches and in informal conversations with newsmen and other delegates.

He talked to reporters this afternoon in an elegant red-carpeted drawing room aboard the 200-foot ship that his delegation brought here from Korea. As a white-uniformed waiter served North Korean beer and mineral water, the Foreign Minister urged that the United States withdraw from South Korea.

[From the New York Times, Aug. 19, 1976]

PICKAXE DIPLOMACY

North Korea's die-hard Stalinist Government has stooped to a new low in barbarism

with the apparently premeditated axe-murder of two American officers at the Panmunjom cease-fire village.

The regime of President Kim Il Sung may hope by its brutal act to build support for recent suggestions in this country for a gradual phase-out of some 40,000 American ground troops still stationed in South Korea. The effect will be exactly the opposite—to strengthen the argument for a continuing strong United States presence in Korea to help preserve the truce in the fact of such evidence of persisting aggressiveness from the North. The brutishness engaged in by Pyongyang could even serve to mute the concern of many Americans who have become increasingly disenchanted with the Government of South Korean President Park Chung Hee, whose despotism is made to appear less onerous by comparison.

It is also possible that the Panmunjom atrocity was designed to provoke an extreme American retaliation—a retaliation that in turn would rally sympathy for the North Koreans at the "nonaligned" conference in Sri Lanka and support for the North Korean Prime Minister's request that the conference demand withdrawal of all United States troops and nuclear weapons from South Korea. Both Washington and the nonaligned nations should surely be trusted to have better sense than to fall for such an inhumane and primitive ruse.

[From the New York Times, Aug. 19, 1976]

FORD CONDEMNS NORTH KOREAN KILLING OF TWO AMERICANS

(By Philip Shabecoff)

KANSAS CITY, MO., Aug. 18.—President Ford today condemned in harsh terms last night's killing of two American officers at Panmunjom in Korea, and warned that the North Korean Government would be responsible for "the consequences."

In a statement issued while he was preparing for the balloting for the Republican Presidential nomination, the President called the killing of the Americans a "vicious and unprovoked murder."

He also said that the assault on a combined American-South Korean work party in the neutral demilitarized zone between North Korea and South Korea was a "brutal and cowardly attack totally without warning."

Ron Nessen, the White House press secretary, said at a news briefing that the United States was seeking a meeting of the Military Armistice Commission as a result of last night's slayings. A White House aide said the meeting was being asked so the United States could demand an explanation of the attack.

The commission, which came into existence after the 1953 cease-fire in the Korean war, is nominally supposed to conduct negotiations leading to a peace settlement in Korea. In practice its functions have been limited to housekeeping matters in the demilitarized zone and to serving as a forum for attacks and recriminations between the United States and North Korea.

Occasionally it does serve a beneficial purpose. Negotiations for the release of the crew of the *Pueblo*, the United States intelligence ship captured by North Korea, were conducted at Panmunjom.

Mr. Nessen said that the United States Embassy in Seoul has so far been unable to determine he reason for the attack by the North Koreans.

PRESIDENT'S STATEMENT

Here is the complete statement by the President this morning:

"The President condemns the vicious and unprovoked murder of two American officers last night in the demilitarized zone in Panmunjom in Korea. These officers were peacefully supervising a work detail in the neutral zone when they were subjected to a brutal and cowardly attack totally without warning. Responsibility for the consequences of these murders rests with the North Korean Government."

Mr. Nessen was unable to say what the consequences might be.

STATE DEPARTMENT WARNING

WASHINGTON, Aug. 18.—The State Department said today that it viewed "with gravity and concern" the North Korean slaying of two American military officers and warned North Korea that it "must bear full responsibility for all the consequences of its brutal action."

In a sharply worded statement it said that the North Korean action in the joint security area of the demilitarized zone was "brutal and unprovoked." But a department spokesman, Frederick Z. Brown, refused to say what retaliatory action, if any, the United States might take.

Mr. Brown speculated that the incident might have been fomented by the North Koreans to raise tension at the current nonaligned conference in Sri Lanka where the North Koreans have made the withdrawal of American forces from South Korea a major issue. A similar resolution has been introduced in the United Nations General Assembly by Communists and others.

The United States statement said: "This brutal behavior by the North Korean regime tells us something of its true nature and demonstrates the hollowness of North Korea's alleged desire for a peaceful resolution of the differences that exist between it and South Korea."

"The United States Government considers these cowardly acts of murder a serious violation of the armistice agreement.

"The North Koreans have committed violent acts in the joint security area before but these murders are the first such deaths that have occurred in that area since the signing of the armistice agreement 23 years ago.

"The United States views this brutal and unprovoked assault with gravity and concern and warns the North Koreans that such violent and belligerent actions cannot be tolerated. North Korea must bear full responsibility for all the consequences of its brutal action."

[From the New York Times, Aug. 19, 1976]

VIOLENCE CAN FLARE QUICKLY AT THE FRONT LINE IN KOREA

(By Andrew H. Malcolm)

TOKYO, Thursday, Aug. 19.—The immediate area around Panmunjom, where two American soldiers were killed yesterday, has been the scene of so many violent incidents since the armistice that ended the Korean War 23 years ago that it is the only part of the Korean peninsula still officially designated a combat zone by the United States.

It is now the only site in Asia where American combat troops directly confront Communist forces. Incidents there range from obscene hand gestures and spitting to minelaying and machine-gun ambushes. Forty-nine Americans have died in such skirmishes in the demilitarized zone, along with a total of more than 1,000 Koreans on both sides.

Incidents usually occur without warning. They erupt so quickly and end so fast that there is little time for reaction. Generally both sides—the South Koreans and Americans under the United Nations Command, on the one hand, and the North Koreans on the other—blame their opponents.

But there appear to be elements of premeditation in many of the outbreaks. On June 30, 1975, when Maj. William D. Henderson sat by himself by a bench in Panmunjom, he was surrounded by North Korean guards. One pushed him. Another tripped him. And a third kicked at his head. Major Henderson was beaten unconscious and suffered a crushed larynx.

On June 26 this year as a United States guard and his South Korean partner were driving their jeep toward a Panmunjom checkpoint, 20 North Korean guards stepped into the road carrying ax handles and sharp instruments that they used to flatten the vehicle's tires. The two men escaped with only bruises.

But the American soldiers serving at Panmunjom actually have very little protection.

There are 160 American and 75 South Korean soldiers assigned as guards in the unit officially known as the Joint Security Force. They are assigned to Panmunjom on one-year tours of duty. They are volunteers specially screened for their large physiques and cool tempers. They receive special training in martial arts, riot control and hand-to-hand combat. And they carry .45-cal. pistols.

But their standing orders are to take pictures first of any incident for official documentation.

"It's really nerve-racking," Specialist Kenneth Harper of Denver said at Panmunjom recently. "You can never do anything unconsciously. You are always thinking that as soon as you do something wrong, they will jump on you."

As a result, all of the United Nations forces' guardposts at Panmunjom are built within sight of one another, a sort of structural buddy system for mutual protection.

The farthest forward outpost is Checkpoint 3, which the guards have dubbed "the loneliest spot in the world." The closest one to the site of yesterday's incident, it is at the southern end of the so-called Bridge of No Return, the only official land link between the two Koreas, which was used by returning Allied prisoners after the Korean War and by the released crew of the American intelligence ship Pueblo in late 1968.

Whenever fog, snow or darkness block the view of that checkpoint from Post 5 on a nearby rise, the forward guard contingent is immediately withdrawn.

The men stand eight-hour tours guarding the truce site and monitoring the movements of North Koreans in the northern half of the two-and-a-half-mile-wide demilitarized zone. Regular American troops, part of the force of 41,000 United States servicemen stationed in South Korea, guard a symbolic 550-yard strip of the demilitarized zone nearby. South Koreans man the rest of the 151-mile-long strip of fields and mountains.

There was a rash of incidents in the late 1960's and early 1970's. On April 15, 1968, for instance, two Americans died when their truck was ambushed and machine-gunned near Panmunjom. In November 1966, six American soldiers were slain from ambush by North Koreans near Panmunjom shortly after President Lyndon B. Johnson had inspected the area.

In 1968 there were 760 incidents, including 356 shooting clashes, with a total of 500 deaths on the two sides.

That was the year a large American reconnaissance plane was shot down, the Pueblo was seized and North Korean agents attempted a raid on President Park Chung Hee's official residence in Seoul, 42 miles south of Panmunjom.

Many of the incidents seem to be connected to propaganda campaigns of North Korea which is experiencing severe financial difficulties in meeting its overseas debts. On

Aug. 5, the same day that the Pyongyang radio announced a full military alert in the North, the United Nations Command said a North Korean guardpost opened fire on a South Korean post several dozen miles east of Panmunjom.

This week at the meeting of nonaligned nations in Colombo, Sri Lanka, North Korean officials have been telling other delegates that an invasion of their country by South Korea was imminent.

[From The Washington Post, Aug. 20, 1976]

PANMUNJOM: ALMOST BREEDING GROUND FOR CLASHES

LONDON, Aug. 19.—It may seem strange to the rest of the world that the pruning of a tree in Korea should lead to the threat of war. But the 38th Parallel is a strange survival from an old war, and the truce village of Panmunjom, which I visited earlier this year, is a political oddity almost guaranteed to produce incidents between the opposing sides of North and South.

I passed within yards of this week's fatal clash as I entered Panmunjom over a bridge from the North Korean side of the Demilitarized Zone.

At the end of the bridge sits a U.S. watchpost, one of half a dozen that share the truce site with the same number of North Korean posts. As my black sedan from Pyongyang, North Korea—license plates masked to avoid identification—swept past the post, an American soldier peered rudely in through the windows, then rushed back to his intercom set. On the other side of the road was a clump of trees, the exact place where two U.S. officers were axed to death yesterday.

The oddity of Panmunjom consists in its status as a joint security area where, in theory, both sides may roam freely and unarmed. Hence this uncanny juxtaposition of the free world and socialism, of the GI in fatigues and the North Korean private in his natty Soviet-style tunic, of the Dodge truck and the Changohun jeep.

At the heart of the "village" (there are now no authentic villagers or habitable houses) lies a rather bare set of huts where the Military Armistice Commission and its north-south negotiating bodies can acrimoniously meet. Close by is a very splendid "reception building" for foreign visitors, built by the North Koreans where tea and biscuits will be served while one is told how many thousands of incidents have been perpetrated by the U.S. imperialists since the armistice was signed in 1953.

Across the way is a much more utilitarian hut, flanked by a watchtower from which the U.S. forces—nominally the "United Nations Command"—keep an eye on the North's comings and goings.

The point is this: The 2.5-mile-wide DMZ, which runs the breadth of Korea from West to East has a national dividing line down the middle so that each side controls, in effect, a 1.25-mile-wide strip. But the joint security area of Panmunjom is an everyman's land where both sides rub shoulders.

A likely explanation for this week's tree-trimming is that the Americans wanted to improve their line of vision along the river bank at the northern edge of Panmunjom. The North Koreans have now complained that this sort of operation should only be done "by joint agreement," and that the Americans refused to stop cutting the trees when asked.

The North Koreans are quite likely in the right to claim that their agreement should have been sought, in an area that is supposed to be jointly administered before altering its physical features even by lopping off a few branches. But the triviality of the issue only underlines the total lack of communication or understanding between North and South—a state of affairs that has not changed in more than 30 years.

Although both sides make occasional noises about reconciliation, the gap between their two social systems is unbridgeable, and they know it. It is not surprising that suspicions of war preparations should be so easily aroused. No other way is open to reunification for two opposing sides who only agree on one thing—the oneness of their country.

[From the New York Times, Aug. 21, 1976]

U.S. ASKS AMENDS BY NORTH KOREANS—KISSINGER SAYS THAT MOVES DEPEND ON RESPONSES— CARRIER ORDERED TO SEA

(By Bernard Gwertzman)

WASHINGTON, Aug 20.—Secretary of State Henry A. Kissinger said today that the United States was demanding "explanations and reparation" from North Korea for the killing of two American military officers in the Korean demilitarized zone two days ago.

Mr. Kissinger, asserting that the United States absolutely cannot and will not accept" what he termed the "premeditated act of murder" of the men, said that the American response will be determined in part by the North Korean actions in the next few days.

A Defense Department official said, meanwhile, that as part of the growing show of American strength in Korea, orders had been given to the aircraft carrier Midway to sail from the Tokyo Bay port of Yokosuka with her accompanying task force of destroyers, cruisers and frigates.

There are about 75 fighter-bombers on the carrier. Korean waters are about two days away.

Justifying the buildup of American forces, Mr. Kissinger said:

"We cannot permit the principle to be established that Americans can simply be assaulted with impunity any place that some dictator or some aggressive country decides to score some points."

The American response, he said, depends on the North Koreans' intentions, "and it also depends on whether we get any satisfactory response to our demands for explanations and reparation, Mr. Kissinger, interviewed in Kansas City, Mo., on NBC-TV's "Today" program would not say what the alternatives would be if the North Korean response was unsatisfactory, but a high State Department official said that "I would not rule out military force."

Among the actions under study, the spokesman said, was a plan to use force, if necessary, to cut down the tree in the demilitarized zone that was the center of the dispute that led to the killings of the two American military officers by North Korean guards.

The official said the tree, in the Joint Security Area of the demilitarized zone, has obstructed the American view of the North Korean checkpoint in the area.

The Washington Special Action Group of the National Security Council, which deals with crisis of this nature, met yesterday and Wednesday on the Korean situation and made the basic decisions that led to increasing the combat-ready status of the 41,000-man force in South Korea, the dispatching of two squadrons of a total of 40 fighter-bombers to South Korea from Okinawa and Idaho, and the orders for the Midway to put to sea.

The special-action group, of which Mr. Kissinger is chairman, did not meet today. He was with President Ford and the President's running mate, Senator Robert J. Dole, and they arranged to go to Kansas, Mr. Dole's state.

On "Today," Mr. Kissinger caused some initial confusion in Washington when he said that the United States was demanding "reparation" from North Korea.

At first some officials and reporters interpreted this to mean that the United States wanted some kind of material compensation for the two deaths. But later reporters were advised by State Department officials that Mr. Kissinger was using "reparation" in the sense of "amends" or some kind of "atonement" for the incident.

He was not seeking "reparations," plural, which generally means payment in cash or in kind, the officials said.

THREAT BY PARK

(By Andrew H. Malcolm)

SEOUL, South Korea, Aug. 20.—Noting that there is a limit to national patience, South Korea's President, Park Chung Hee, vowed today that "prompt punitive measures" would follow future "provocations" by North Korea.

The President was referring to the ax slayings of two American military policemen supervising a tree-pruning operation in the Korean demilitarized zone Wednesday. The incident erupted when North Korean guards objected to the branch cuttings.

The North Koreans have charged that the Americans instigated the fight. But officials here believe it was planned by North Korea as part of a global propaganda campaign to focus attention on American troops and a Communist resolution in the United Nations to force their withdrawal from the Korean peninsula.

Charging that the North Koreans "deliberately provoked" the argument, one of many since the Korean armistice was signed 23 years ago, President Park said: "There is a limit to our patience. A mad dog needs an occasional whipping."

"There is no reason," he added, "that we should be the target of their unilateral provocations. From now on if they again commit illegal provocations—no matter how big or small the provocation is—we will take prompt punitive measures."

Mr. Park did not elaborate on what these measures might be.

He made the statement in an address before a class of graduating officers at the Third Army Cadet School here.

The South Korean President, an army officer who seized power in a military coup 15 years ago, spoke at the same time that another ceremony was under way across town, Seoul's Kimpo International Airport was shut down for one hour, delaying hundreds of passengers, to provide quiet during a brief memorial and farewell service for the two Americans slain Wednesday morning at Panmunjom, 42 miles north of here.

The two men, Capt. Arthur George Bonifas, 33 years old, of Newburgh, N.Y., and First Lieut. Mark Thomas Barrett, 24, of Columbia, S.C., were honored by about 150 South Korean and American soldiers and civilians, including Gen. Richard G. Stilwell. The general paid tribute to the courage and bravery of the two men, whose bodies rested in flag-draped aluminum coffins nearby. And he announced that Captain Bonifas had been promoted posthumously to the rank of major.

Meanwhile, Representatives of the North and South Korean Red Cross met again at Panmunjom, the 18th such conference of low-level officials since substantive talks were suspended in July 1973. The South Korean delegation accused the North of "inhuman provocations." The North Koreans asserted that an invasion from the South was imminent.

U.N. RESOLUTION ASKED

UNITED NATIONS, N.Y., Aug. 20.—The United States and 18 other countries submitted a

draft resolution to the forthcoming General Assembly today stressing the need for "constructive dialogue and negotiation" to settle the Korean problem peacefully and bring about reunification to the country.

Earlier this month, 24 Communist and third-world members requested inclusion in the agenda of an item asking "acceleration of the independent and peaceful reunification of Korea." Their draft resolution would dissolve the United Nations Command and withdraw all foreign troops.

[From the New York Times, Aug. 22, 1976]

U.S. CARRIES OUT A SHOW OF FORCE IN THE KOREA DMZ; CUTS DOWN TREE THAT WAS CENTER OF FIGHT IN WHICH 2 AMERICANS WERE SLAIN; TROOPS AND JETS SENT; OPERATION REPORTED FORCED BY 300 MEN, B-52's, F-4's AND COPTER GUNSHIPS

(By Bernard Gwertzman)

WASHINGTON, Aug. 21.—The United States conducted a major show of force today in support of the cutting of a tree in the demilitarized zone in Korea where two American military officers had been killed by North Koreans.

According to Administration officials, the tree-cutting took place without incident at 7 A.M. today, Korean time (7 P.M. Friday, New York time), to deter North Koreans from interfering and to demonstrate American determination to use force if necessary. Officials said a large-scale military demonstration had been ordered in South Korea.

AWARENESS IN NORTH

Neither the State Department, nor the Defense Department would disclose the details publicly, but officials said that the show of force included B-52 strategic bombers from Guam, F-4 Phantom and F-111 fighter-bombers, helicopter gunships, and about 300 armed soldiers from the United States and South Korea.

One official said that the aircraft were "just flying around", in South Korean airspace and the North Koreans "had to know they were there." Likewise, the North Koreans could see the troops on the allied side of the Joint Security Area in the demilitarized zone where the 40-foot poplar was located.

[News of the cutting of the tree was warmly welcomed by the people of South Korea.]

"NEW WAR PROVOCATION"

At Vail, Colo., Ron Nessen, the White House press secretary, said that President Ford discussed the operation with Secretary of State Henry A. Kissinger yesterday in Kansas City for 45 minutes. Mr. Nessen said the meeting "focused on plans to go in there and cut the tree down."

According to Mr. Nessen, the President "approved the operation."

The latest incident in the demilitarized zone has provoked additional warnings from North Korea, which for the last three weeks has been accusing the United States and South Korea of having completed plans to launch an invasion of the North.

In a broadcast over Pyongyang radio this morning, the North Korean news agency said that "because of the frantic new provocation maneuvers of the United States imperialists an exteremely dangerous situation on the verge of explosion has been created in our country."

But American analysts said that the North Korean charges so far were not alarming and—in North Korean terms—relatively restrained.

For instance, one analyst said that another North Korean news agency dispatch merely concluded that "the United States imperialist aggressors must deport themselves with discretion, clearly mindful of what consequences such provocations going against the trend of the time may bring to them."

American officials said the decision to cut down the tree was taken to demonstrate to the North Koreans—and to other nations—that the United States would not be intimidated by North Korea from doing what it was in the demilitarized zone set up in the 1953 armistice.

EARLIER INCIDENT

The North Koreans had turned away a United Nations command party seeking to cut down the tree about two weeks ago because it reportedly blocked the view of the United Nations command post at the southern end of the security area—a neutral zone.

Last week, another party, led by the two American military officers to the zone to prune the limbs of the tree. In an ensuing fight, the officers were killed by the axes taken from the party. The North Koreans have since charged that the Americans provoked the fight.

American officials said that the tree-cutting today did not necessarily mean that the book on the incident had been closed. The United States, in Mr. Kissinger's words, wants some "explanations and reparation" from North Korea—some gestures or actions to make amends for the killings.

Analysts do not expect Korea to apologize, and therefore various military and diplomatic responses have been discussed.

The tree-cutting, one official said, was the absolute minimum that could be done.

U.S. SHIPS ON WAY

Meanwhile, to bolster the South Korean and American forces in South Korea, the Midway was heading for Korean waters from Japan with an escort of four frigates and one destroyer. They are expected to arrive tomorrow.

American officials felt that North Korea was not seeking a military confrontation with the United States and South Korea but was trying to draw world attention to the Korean situation and to bring pressure at the United Nations General Assembly for an end to the United Nations command and the withdrawal of American forces, now numbering more than 41,000.

The Ford Administration, since the fall of Indochina to the Communists last year, has repeatedly pledged in the strongest terms its military support for South Korea in order to convince North Korea of the risks it would run if it tried to duplicate the Communist actions in Vietnam.

The United States has proposed that negotiations be held among North Korea, South Korea, the United States and China—the main protagonists in the Korean war—to bring about a final peace and end the 23-year armistice.

So far, North Korea has rejected the idea, preferring to negotiate directly with the United States, or to have some kind of all-Korean conference to settle the problems.

REPORT BY NORTH KOREA

HONG KONG, Aug. 21.—North Korea said 700 United Nations command troops, with trucks and a helicopter, were mobilized to fell a tree in the truce village of Panmunjom today.

The North Korean news agency said in a report monitored in Hong Kong that 300 soldiers, some of them Americans in full combat gear, entered the Joint Security area. They were guarded by 400 soldiers dug in some 400 yards away, it said, adding that troops were also deployed in five large trucks, and a helicopter was sent aloft.

[From the Washington Star, Aug. 22, 1976]

THIRD WORLD FEARFUL OF WAR IN KOREA

COLOMBO, SRI LANKA.—The nonaligned summit conference said in its final political report yesterday that war may break out at any moment in Korea and that the United States should give up the Panama Canal.

The section on Korea did not mention the killing of two U.S. army officers by North Koreans at Panmunjom, but referred to North Korean statements denouncing the United States during the four-day, 85-nation conference.

"The conference expressed deep concern over the grave situation in Korea created by the imperialists, a situation in which a war may break out at any moment," the declaration said.

"The conference strongly demanded that the imperialists immediately stop their maneuvers to provoke war and remove nuclear weapons, military installations and all other means of war from South Korea.

"The conference called for the withdrawal of all foreign troops from South Korea, for the closure of foreign military bases, for the termination of the United Nations command and for the replacement of the Korean military armistice agreement by a durable peace agreement."

In the Latin America section of the document, which was adopted by consensus without a vote, the Third World leaders said Panama should be given total control over the Panama Canal.

"The conference reaffirmed the support of the nonaligned countries for the Panamanian control of the Panama Canal and reiterated their firm support for all efforts that the Republic of Panama will make before international forums, in particular the United Nations bodies," it said.

The section also called for the United States to give up its naval base at Guantanamo, Cuba; to end efforts to isolate Cuba economically and to "halt all political or repressive maneuvers that tend to perpetuate Puerto Rico's colonial status."

The final report contained some chapters distributed or leaked to newsmen earlier, including a section calling for an oil embargo against France and Israel for selling arms to South Africa, and a Middle East section urging more pressure on Israel in the United Nations and possibly her eventual expulsion from the world body.

An economic resolution issued earlier called for a new international economic order, including a new monetary system, curbs on international corporations and easier terms for repayment of Third World debts.

The conference also announced plans for Third World countries to set up their own commercial bank.

[From the Washington Post, Aug. 22, 1976]

U.S. SENDS JETS, SHIPS TO KOREA—DISPLAY OF FORCE BACKS UP FELLING OF TREE IN DMZ

The United States staged a show of military power in and around Korea as allied troops, with the express approval of President Ford, felled a controversial tree at dawn Saturday in the truce village of Panmunjom.

North Korea said 700 United Nations command troops, some of them U.S. soldiers in full combat gear, backed up with trucks and a helicopter, were mobilized to cut down the tree in what North Korean radio called a "large-scale military provocation."

U.S. officials gave few details of the operation, beyond announcing the cutting down of the tree, which U.N. personnel had been attempting to trim earlier in the week when North Koreans attacked them, killing two American army officers.

An armada of U.S. warplanes and troops were poised near the Demilitarized Zone during the cutting of the 40-foot poplar and a U.S. Navy task force was steaming toward the area.

Twenty-six helicopter gunships backed by an unspecified number of F-4 Phantom and F-111 jet fighters and three B-52 bombers from Guam circled nearby while a "quick reaction force" of 300 U.S. and South Korean soldiers protected the tree-cutting, allied military sources said.

North Korean soldiers at the scene limited their response to shooting photographs but their government accused the United States of a grave military provocation.

A Pyongyang broadcast charged that 300 troops entered the DMZ separating North and South Korea and not only cut down the tree but also destroyed North Korean guard posts and smashed barriers. Another 400 allied troops took combat positions 400 yards away, backed up by five truckloads of soldiers and a helicopter, all "creating a terrible war atmosphere," the broadcast said.

The allied sources, declining to be identified, denied that the combat force had entered the DMZ but did not say how close it approached.

The North Korean broadcast also accused the United States of violating North Korean airspace along the armistice line. A U.S. helicopter, the broadcast said flew into "the air above the area of our side south of Taedoksan mountain in the western sector of the front."

The 151-mile-long DMZ was quiet elsewhere but armies on both sides were on the alert and Washington sources said the 51,000-ton aircraft carrier Midway and its 75 warplanes, four frigates and a guided missile cruiser were en route from Japan to Korea.

Pentagon officials have stressed that the military moves, including earlier reinforcement of jet fighter units in South Korea, did not foreshadow military retaliation for the killings last Wednesday but were aimed at discouraging possible North Korean military action.

The official statement of the United Nations Command said merely that a work party had felled the tree and "got safely out."

A free-for-all between Communist and allied soldiers ending in the two American deaths and injuries on both sides broke out Wednesday when the North Koreans tried to stop an allied team from pruning branches from the tree, which the U.N. command said hindered its observations of the North Korean side.

Capt. Arthur G. Bonifas, 33, of Newburgh, N.Y., and Lt. Mark T. Barrett, 25, of Columbia, S.C., were axed and beaten to death by North Korean guards who seemed to be concentrating on hurting the Americans, the command said.

The bodies were flown to the United States and arrived yesterday at Travis Air Force Base, Calif.

Military sources have also reported three North Koreans were killed but this was not confirmed. North Korean broadcasts have mentioned no deaths on either side.

Five hours after yesterday's tree-cutting, U.S. Rear Adm. Mark P. Frudden, chief allied representative on the joint armistice commission, had a 13-minute secret talk at Panmunjom with Maj. Gen. Han Juekyong, the chief North Korean representative, a Seoul newspaper, Chosun Ilbo, reported.

The U.N. command declined to confirm or deny that such a meeting was held.

The newspaper said the two met at Communist request and Han replied to an allied letter protesting the killing of the Americans to North Korean President Kim Il Sung.

The newspaper said Kim had sent a personal message to the U.N. forces' commander—the first personal message Kim has addressed to the U.N. commander in the 23 years of the Korean armistice.

In Vail, Colo., White House press secretary Ron Nessen told reporters that before President Ford left the Republican National Convention in Kansas City on Friday he held a 45-minute meeting with Secretary of State Henry A. Kissinger and National Security Director Brent Scowcroft.

"The meeting largely focused on the situation in Korea and the plan to go in there and cut the tree down," Nessen said. "The President approved the operation and has been kept posted on development by Scowcroft."

[From the New York Times, Aug. 21, 1976]

A West Point Burial Is Planned for U.S. Officer Slain in Korea

Capt. Arthur G. Bonifas, one of the two American officers slain Wednesday by North Korean soldiers in Korea's demilitarized zone at Panmounjom, will be buried with military honors next Tuesday at the United States Military Academy at West Point, N.Y.

Captain Bonifas was a 1966 graduate of the Academy and served as an instructor in its mathematics department from 1972 to 1975 before volunteering for duty in Korea.

He was 33 years old and was put on the promotion list to major last Tuesday, a day before he and First Lieut. Mark T. Barrett, 25, of Columbia, S.C., were killed in the truce strip dividing South Korea and North Korea.

The bodies of the two men were flown to Yokota Air Base, outside Tokyo, yesterday en route home, a United States Air Force spokesman in Japan said.

Maj. Thomas Ferguson, duty officer at West Point, reported that the body of Captain Bonifas was expected to reach Kennedy International Airport early Sunday. He said the body would lie that day and Monday at the William F. Hogan Funeral Home in Highland Falls, near the Academy.

A mass will be offered at noon Tuesday in Holy Trinity Roman Catholic Church at West Point, after which Captain Bonifas will be buried with a full military funeral at the Academy, Major Ferguson said.

At his death, the captain was concluding his Korean tour of duty. He had expected to return to the United States within two weeks to rejoin his wife, Marcia, and their three children in Newburgh, N.Y.

The family had planned to move to Savannah, Ga., for a new assignment. The captain, a native of Omaha, also leaves his parents, Mr. and Mrs. Raymond Bonifas of Omaha.

Lieutenant Barrett was a native of Jacksonville, Fla., and was stationed at Fort Jackson, S.C., before being assigned to duty in Korea less than two months ago. He leaves a wife, Julianne.

The Defense Department said yesterday that Lieutenant Barrett's family had not yet decided on funeral arrangements.

[From the New York Times, Aug. 23, 1976]

Measured Response

Three days after North Korean guards brutally assaulted and killed two American officers supervising a tree-pruning operation in the demilitarized zone, allied forces returned Friday and cut down the tree, which had been obstructing the view of a United Nations Command post.

This symbolic gesture was backed by a show of military power sufficient to discourage any further North Korean interference and to evoke a belated apology of sorts from Pyongyang. It did not—as nothing could—adequately make amends for the lives lost as a result of North Korea's calculated barbarism. Nevertheless, the measured allied response drives home the essential message that the United States will not be bullied or otherwise driven from fulfilling its role as guardian of the 23-year Korean armistice; and it did so without additional loss of life and without unnecessary exacerbating an already tense situation.

The incident of the tree strongly reinforces the conclusion reached by last week's "nonaligned" conference in Colombo that Korea. But the evidence in no way supports the conference's incredibly myopic conclusion that the provocation is all on the allied side and that the danger of war would be removed by dissolution of the United Nations Command and withdrawal of American forces.

On the contrary, Pyongyang's latest brute display of unpredictable aggressiveness underscores the continuing need for a strong and patient United States presence, preferably under United Nations auspices, until North Korea's leaders abandon their persistent dream of military conquest and sit down to negotiate a final peace settlement.

[From The Washington Post, Aug. 23, 1976]

North Korea Calls Fight "Regretful"—U.S. Says Message Fails to Admit Guilt In "Brutal Murders"

(By Murrey Marder)

North Korea, in a message given U.S. officials, has described as "regretful" the tree-pruning fight last week that took the lives of two U.S. Army officers and led to a major show of American force in the region.

But the State Department yesterday said it considered the North Korean message unacceptable on the grounds that it lacked "acknowledgement of responsibility for the brutal and premeditated murder of two United Nations Command officers."

Ford administration officials, nonetheless, expressed the belief that military tension will subside along divided Korea's Demilitarized Zone, with the dispute now expected to shift to diplomatic channels.

As a continuing precaution, however, U.S. officials said, reinforced American air, sea and ground forces in South Korea and its surroundings will remain on alert status.

At a secret meeting at Panmunjon, the neutral truce village, Saturday, Korean time, North Korea signaled its intention to halt military escalation of the bizarre sequence that began Wednesday over pruning a poplar tree to provide better visibility. But North Korea avoided anything that could be termed an apology for the killings by North Korean forces, and continued to charge the United States with initiating a "provocation."

Four hours before the meeting Saturday, in a deliberately exaggerated display of military might, the United States had mounted a screen of air and ground power while armed troops entered the truce zone to cut down the disputed tree.

U.S. officials said yesterday that the meeting sought by the North Koreans on Saturday to ease the mounting tension evidently was requested before the retaliatory tree-cutting.

North Korean Maj. Gen. Han Ju Kyong gave U.S. Rear Adm. Mark Frudden a message that he said North Korean President Kim Il Sung had asked him to convey to U.S. Gen. Richard Stillwell, the U.N. Command chief.

The message said:

"It was a good thing that no big incident occurred at Panmunjom for a long period. However it is regretful that an incident occurred in the Joint Security Area, Panmunjom, this time. An effort must be made so that such incidents may not recur in the future. For this purpose both sides should

make efforts. We urge your side to prevent the provocation. Our side will never provoke first, but take defensive measures only when provocation occurs. This is our consistent stand."

The North Korean officer then said he had a second message, which obviously referred to the militarily reinforced tree-cutting ordered by the United States:

"I have one thing to add. This morning your side again committed provocation by bringing hundreds of completely armed personnel in the Joint Security Area without any advance notification. Such actions on your part might cause such incidents as the one that occurred on the 18th. I strongly demand that your side commit no such provocations."

In Vail, Colo., White House Press Secretary Ron Nessen, initially said yesterday that the North Koreans "expressed regrets" about the Wednesday melee. Later, White House Deputy Press Secretary John Carlson said, "The White House supports the State Department version."

State Department spokesman John Ordway expressed official dissatisfaction with the North Korean statements. He said: "In our opinion this represents, in a backhanded way, an acknowledgment that they (North Korea) were wrong, and secondly, we are skeptical about it. We are not going to let down our guard for propaganda ploys. . . ."

Ordway said, "We do not find the message acceptable since there is no acknowledgment of responsibility for the brutal and premeditated murder of the two United Nations Command officers."

Ordway also said that the United States will maintain its position in the United Nations that the basic Korean crisis, continuing since the 1953 armistice in the Korean war, must be resolved by North and South Korea.

In addition, the spokesman said the United States intends no meetings with North Korea except in the Military Armistice Command. The latter comment was evidently intended to allay South Korean suspicions that the secret 15-minute American-North Korean meeting Saturday will not be a pattern for future secret meetings.

Although North Korea stopped considerably short of an apology in its statements, administration sources noted that it was believed unprecedented for North Korea to express regret in any form about a clash involving the United States.

It was also said to be unprecedented for North Korean President Kim Il Sung to send a message to Gen. Stillwell, American chief of the U.N. command.

North Korea, however, has continued to charge the United States with initiating war provocations and, in recent days, with "kicking up a more vicious, frantic din against us."

A broadcast from Pyongyang, North Korea's capital, said yesterday, "Ford the rascal made this decision after having a huddle with U.S. Secretary of State (Henry) Kissinger, the notorious troublemaker."

Mr. JAVITS. I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m., with statements therein limited to 3 minutes each.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

REVISIONS TO TWO DEFERRALS—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was referred jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Commerce, and Finance:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I report revisions to two deferrals previously transmitted.

Both of the revised reports reflect routine increases to the amounts deferred. The Federal Aviation Administration's Facilities and equipment deferral has been increased by $193.8 million, and a deferral for the State and local government fiscal assistance trust fund in the Department of the Treasury has been increased by $1.4 million.

The details of each revised deferral are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *August 24, 1976.*

MESSAGES FROM THE HOUSE

At 12:28 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 12261. An act to extend the period during which the Council of the District of Columbia is prohibited from revising the criminal laws of the District;

H.R. 14957. An act to amend title 23 of the District of Columbia Code with respect to the release or detention prior to trial of persons charged with certain violent or dangerous criminal offenses; and

H.R. 14971. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the borrowing authority of the District of Columbia, and for other purposes.

The message also announced that the House has passed the bill (S. 3149) to regulate commerce and protect human health and the environment by requiring testing and necessary use restrictions on certain chemical substances, and for other purposes, with an amendment; that the House insists upon its amendment to S. 3149 and requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STAGGERS, Mr. MURPHY of New York, Mr. STUCKEY, Mr. ECKHARDT, Mr. METCALF, Mr. MCCOLLISTER, and Mr. BROYHILL were appointed managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 12168) to amend the Natural Gas Pipeline Safety Act of 1968 to authorize additional appropriations, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STAGGERS, Mr. DINGELL, Mr. WIRTH, Mr. SHARP, Mr. BRODHEAD, Mr. BROWN of Ohio, and Mr. MOORHEAD of California were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED CHANGES IN THE SYSTEM OF RECORDS OF THE FEDERAL POWER COMMISSION

A communication from the Chairman of the Federal Power Commission, transmitting, pursuant to law, a report on proposed changes in the system of records of the Federal Power Commission for implementing the Privacy Act, to the Committee on Government Operations.

REPORTS OF THE COMPTROLLER GENERAL

Six communications from the Comptroller General of the United States, transmitting, pursuant to law, reports as follows:

A report stating that better data on severity and causes of worker safety and health problems should be obtained from workplaces, Occupational Safety and Health Administration and the Department of Labor; a report stating that Federal hydroelectric plants can increase power sales, Department of the Interior; a report on the status of the Grand Coulee-Raver Transmission Line Project, Bonneville Power Administration and the Department of the Interior; a report on the examination of the financial statements of the Federal Home Loan Bank Board and related agencies for the year ended December 30, 1975, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation; a report on energy conservation at government field installations—progress and problems; a report stating that major cost savings can be achieved by increasing productivity in real property management, Department of Defense; to the Committee on Government Operations.

REPORT ON LIST OF REPORTS SENT TO THE CONGRESS BY THE GENERAL ACCOUNTING OFFICE

A communication from the Deputy Comptroller General of the United States, transmitting, pursuant to law, a list of the reports submitted to the Congress by the General Accounting Office during July 1976; to the Committee on Government Operations.

DISPOSAL OF FEDERAL REAL PROPERTY FOR PARK AND RECREATION PURPOSES

A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on the disposal of Federal real property for park and recreation purposes for fiscal year 1976, to the Committee on Government Operations.

ANNUAL REPORT ON MINING AND MINERALS POLICY

A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on mining and minerals policy required by the Mining and Mineral Policy Act of 1970, dated July 1976, to the Committee on Interior and Insular Affairs.

ELIMINATION OF REIMBURSABLE CHARGES OF THE UNITED STATES AGAINST A CERTAIN INDIAN TRIBE

A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on the cancellation of irrigation

operation and maintenance charges against individuals of the Wind River Indian Reservation, dated May 20, 1976, to the Committee on Interior and Insular Affairs.

PROPOSED PLAN FOR THE USE AND DISTRIBUTION OF CERTAIN INDIAN JUDGEMENT FUNDS

A communication from the Under Secretary of the Interior, transmitting, pursuant to law, a proposed plan for the use and distribution of certain Indian judgement funds awarded before the Indian Claims Commission, to the Committee on Interior and Insular Affairs.

APPLICATION FOR A LOAN UNDER THE SMALL RECLAMATION PROJECTS ACT

A communication from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, an application by the Consolidated Irrigation District of Selma, California, for a loan under the Small Reclamation Projects Act, to the Committee on Interior and Insular Affairs.

NEGOTIATED SALES CONTRACTS OF THE DEPARTMENT OF THE INTERIOR

A communication from the Director of the Bureau of Land Management, Department of the Interior, transmitting, pursuant to law, a semiannual report on negotiated sales contracts by the Bureau for disposal of materials, timber, and other vegetative resources on a noncompetitive basis during the period January 1, 1976, through June 30, 1976, to the Committee on Interior and Insular Affairs.

REPORT ON EFFECTIVENESS OF MILES-PER-GALLON METERS

A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on the effectiveness of miles-per-gallon meters as a means to conserve gasoline in automobiles, to the Committee on Interior and Insular Affairs.

PROPOSED CONTRACTS FOR RESEARCH PROJECTS

Five communications from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed contract with Point Mining Co., Tams, W. Va., for a research project entitled "Testing and Evaluating a Modified Surface Longwall Strip Minting System"; a proposed contract with McDonnell Douglass Electronics Co., St. Charles, Mo., for a research project entitled "Development of Operational Aids for Improved Dragline Utilization"; a proposed contract with the Bendix Corp., Southfield, Mich., for a research project entitled "Develop a Sensory Feedback System for a Remote Controlled Continuous Miner"; a proposed contract with Southwest Research Institute, San Antonio, Tex., for a research project entitled "Development and Testing of Variable Wall Miner Breadwater Prototype"; and a proposed contract with Princeton Gamma-Tech Inc., Princeton, N.J., for a research project entitled "A Borehole Probe for In Situ Neutron Activation Analysis"; to the Committee on Interior and Insular Affairs.

VISA PETITIONS ACCORDED THIRD AND SIXTH PREFERENCE CLASSIFICATION

A communication from the Commissioner of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a report on certain aliens whose visa petitions have been accorded third and sixth preference classification under section 204(d) of the Immigration and Nationality Act, to the Committee on the Judiciary.

EDUCATION REGULATIONS PRINTED IN THE FEDERAL REGISTER

A communication from the Acting Director of the Office of Regulatory Review, Department of Health, Education, and Welfare, transmitting, pursuant to law, a report on certain regulations regarding various aid to education programs administered by the Department of Health, Education, and Welfare, to the Committee on Labor and Public Welfare.

REPORT ON THE ADMINISTRATION OF THE FEDERAL METAL AND NONMETALLIC MINE SAFETY ACT

A communication from the Assistant Secretary of the Interior, transmitting, pursuant to law, the annual report on the administration of the Federal Metal and Nonmetallic Mine Safety Act during calendar year 1975, to the Committee on Labor and Public Welfare.

REPORT ON PROFESSIONAL AND SCIENTIFIC POSITIONS ESTABLISHED IN THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report on scientific and professional positions established in the National Aeronautics and Space Administration during fiscal year 1976, to the Committee on Post Office and Civil Service.

PROPOSED LEGISLATION CONCERNING DREDGED OR FILL MATERIAL

A communication from the Secretary of the Army, transmitting a draft of proposed legislation to authorize the Secretary of the Army, acting through the Chief of Engineers, to grant permits for the discharge of dredged or fill material after consideration of water quality and fish and wildlife factors, to authorize State regulation over the discharge of dredged or fill material into certain waters of the United States, to exempt all areas currently in agricultural, ranching or silviculture use from permit requirements, and for other purposes, to the Committee on Public Works.

POSTPONEMENT OF REPORT OF THE FEDERAL AVIATION ADMINISTRATION

A letter from the Administrator of the Federal Aviation Administration proposing a change from January 3 to April 3 in the submission of an annual report.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a communication from the Administrator of the Federal Aviation Administration, relative to section 24 of the Airport and Airway Development Act of 1970, be referred jointly to the Committee on Finance and the Committee on Commerce.

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

REPORT BY THE ASSISTANT SECRETARY OF DEFENSE

A letter from the Assistant Secretary of Defense reporting, pursuant to law, on the value of property, supplies, and commodities provided by the Berlin Magistrate for the quarter April 1–June 30, 1976; to the Committee on Appropriations.

REPORT OF THE DEPARTMENT OF THE AIR FORCE

A letter from the Secretary of the Air Force transmitting, pursuant to law, a report on experimental, developmental, and research contracts of $50,000 or more for the period January 1 through June 30, 1976 (with an accompanying report); to the Committee on Armed Services.

PROPOSED LEGISLATION BY THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting a draft of proposed legislation to amend section 2632 of title 10, U.S.C. (with accompanying papers); to the Committee on Commerce.

PUBLISHED REGULATIONS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Acting Director, Office of Regulatory Review, of the Department of Health, Education, and Welfare, transmitting, pursuant to law, a copy of published regulations relating to the college work-study program (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORTS OF THE COMPTROLLER GENERAL

Six letters from the Comptroller General, each transmitting a report entitled as follows: (1) "Management Control Functions of the Small Business Administration—Improvements are Needed"; to the Committee on Banking, Housing and Urban Affairs; (2) "An Evaluation of Proposed Federal Assistance for Financing Commercialization of Emerging Energy Technologies"; (3) "Ways To Improve Management of Federally Funded Computerized Models"; (4) "Standard Budget Classifications—Proposed Functions and Subfunctions"; (5) "Observations on the Guatemalan Earthquake Relief Effort"; and (6) "Status Report on the Cost Accounting Standards Program—Accomplishments and Problems"; to the Committee on Government Operations.

REPORTS OF COMMITTEES

The following reports of the committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

S. Res. 67. A resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian (Rept. No. 94–1160).

By Mr. INOUYE, from the Select Committee on Intelligence, with amendments:

S. 3197. A bill to amend title 18, United States Code, to authorize applications for a court order approving the use of electronic surveillance to obtain foreign intelligence information (Rept. No. 94–1161).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, with an amendment:

S. 3395. A bill to authorize appropriations for the construction of the Uintah Unit of the Central Utah Project (Rept. No. 94–1162).

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Thomas H. Quinn, of Rhode Island; and

John T. Murphy, of Ohio, to be members of the Board for International Broadcasting.

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

HOUSE BILLS REFERRED

The following bills were read twice by title and referred as indicated:

H.R. 14957. An act to amend title 23 of the District of Columbia Code with respect to the release or detention prior to trial of persons charged with certain violent or dangerous criminal offenses; to the Committee on the District of Columbia.

H.R. 14971. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the borrowing authority of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MOSS (for himself and Mr. FORD):

S. 3759. A bill to develop, establish and validate an Earth Resources Information System, to direct the National Aeronautics and Space Administration to continue a research and development program, to provide, if necessary, for establishment of a corporation to operate the domestic ground segment of such a system, to establish an office of Earth Resources Policy, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences.

By Mr. BUCKLEY:

S. 3760. A bill to grant certain nationals of Italy and the spouses, children, and parents of such nationals status as permanent residents of the United States. Referred to the Committee on the Judiciary.

S. 3761. A bill to amend the Internal Revenue Code of 1954. Referred to the Committee on Finance.

By Mr. BENTSEN:

S. 3762. A bill to amend the Internal Revenue Code of 1954 to extend the present rates of withholding of income tax until the end of the year. Referred to the Committee on Finance.

By Mr. EASTLAND:

S. 3763. A bill for the relief of Isaias Berrones Reyes. Referred to the Committee on the Judiciary.

By Mr. MOSS:

S. 3764. A bill to amend the National Environmental Policy Act in order to establish a timetable for issuance of environmental impact statements and final agency determinations upon such statements, to define the standards for review of agency environmental decisions, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. BURDICK:

S. 3765. A bill to provide for the construction of a certain memorial along the route of the Lewis and Clark Expedition in North Dakota, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. WILLIAMS:

S. 3766. A bill to amend the Export Administration Act of 1969 to prohibit the export of horses from the United States for purposes of slaughter. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. SYMINGTON:

S. 3767. A bill for the relief of Opal Garnet Branch. Referred to the Committee on Foreign Relations.

By Mr. BENTSEN (for himself, Mr. CRANSTON, Mr. INOUYE, Mr. FONG, Mr. GRAVEL, Mr. ALLEN, Mr. JOHNSTON, Mr. HATFIELD, Mr. TUNNEY, and Mr. LONG):

S. 3768. A bill to provide for the development of Aquaculture in the United States and for other purposes. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOSS (for himself and Mr. FORD):

S. 3759. A bill to develop, establish, and validate an Earth Resources Information System, to direct the National Aeronautics and Space Administration to continue a research and development program, to provide, if necessary, for establishment of a corporation to operate the domestic ground segment of such a system, to establish an Office of Earth Resources Policy, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences.

EARTH RESOURCES INFORMATION SYSTEM

Mr. MOSS. Mr. President, earlier this month I made a statement here about the need for a Global Resources Information System based on NASA's Landsat satellites. Today, Senator FORD and I are introducing proposed legislation which would establish such a system.

In addition, I am releasing a report of the Committee on Aeronautical and Space Sciences which discusses in detail the need for such an operational earth resources information system. The bill, which Senator FORD, the chairman of the Subcommittee on Aerospace Technology and National Needs, and I are cosponsoring, is based in part on this report.

The major objectives of the legislation we present today are straightforward.

The remote sensing of the Earth's resources and the use of that data would be promoted from a research stage to a permanent, operational stage. Thus, the bill would seek the creation of a new regulated industry in the domestic handling and processing of the satellite data. And the availability of an uninterrupted flow of data would be assured by the Government.

The private sector involvement in receiving processing and disseminating the data is seen as a means of expanding and marketing new uses of the data. The goal is some degree of economic self-sufficiency of the system so that Government funding will be minimized.

Simultaneously, Government involvement is retained to provide safeguards for the integrity of the system. Foreign countries, understandably might be adverse to commercialization of worldwide satellite imagery.

Overall, the objectives can be summarized as the further utilization and development of Earth resources satellite technology in order to increase our available resources such as food, water, minerals, and timber. In the final analysis what we are seeking is better management of our use of the Earth's resources.

SUMMARY OF THE BILL

First, the bill decrees the existence of an Earth Resources Information System that is divided into two segments. The data handling segment begins with reception of the signal from space and ends with dissemination of data to users.

The satellites and their associated command and control facilities constitute the "space segment."

The U.S. Government is responsible for continuing the space segment and for assuring a continuity of data.

The bill states that U.S. policy will be to encourage the private sector to assume responsibility for establishing and operating the U.S. data handling segment. This in no way prohibits other Government agencies from analyzing the data and distributing such analyses.

Besides assuring the continuity of the space segment and availability of data, the bill has other provisions that would encourage the private sector to participate.

The Federal Government is required as a matter of policy to satisfy its need for processed Earth resources data from the private sector once that capability is established. NASA is charged to cooperate with the private sector in this regard and to provide service on a reimbursable basis.

As a matter of policy, the bill finds that qualified private entities prepared to perform the complete function of data handling should be able to have access to U.S. Earth resources information systems on an equal basis.

If the President finds that it is necessary to create a private corporation to take responsibility for the data handling segment then the bill gives him the power to appoint incorporators for that purpose.

The corporation, if it is established, is authorized to do those activities necessary to manage the data handling segment.

In order to achieve the objective of the act the bill establishes an Office of Earth Resources Policy in the Executive Office of the President. The Director of that office is given general power to aid in planning and development, to review, coordinate, and supervise Federal efforts on the Earth Resources Information System. Finally, once the validation phase of the system is underway he shall present recommendations to the President for necessary legislation to regulate or license the private sector entities engaged in the data handling segment.

Each year the President is required to transmit to Congress a report on the activities of the Federal Government with regard to the Earth Resources Information System, including recommendations for additional legislation.

The Government established corporation is also required to report to Congress on its operations. Finally, title V requires notice to the Department of State of any negotiations of any U.S. private entity with any foreign entity regarding the Earth Resources Information System.

Title V also provides for sanctions against the corporation or anyone who violates any provision of the act. The last miscellaneous provision of title V is an authorization of funds.

GENERAL REMARKS

As you can see, the bill attempts to have private industry supplant some of the current Federal role. We recognize that there are potentially severe concerns among foreign nations on this matter and so we have kept the Federal Government in ownership and control of the space segment. And the Government will monitor the activities of any private corporation engaged in the data handling segment. The bill seeks to encourage private industry to establish a commercial market in an Earth Resources Information System and if that fails, the President can create a profit earning corporation for that purpose.

We also recognize that while the private sector may supply some services more efficiently than Government, there may be unprofitable but nevertheless highly beneficial remote sensing activities that the private sector would discontinue. This bill looks to NASA and to other Government agencies to continue pursuing such activities if they merit continuation. But where the market exists for that activity, then we feel it is in the national interest to transfer that activity to the private sector.

I think this proposed bill and the report of the committee is a good start, but they are only a start. Senator FORD and I welcome and solicit comments from knowledgeable government, academic, and industry sources.

The subcommittee chaired by Senator FORD will conduct preliminary hearings on specific points. Our committee report will be updated and then I will call for full committee hearings and I hope that we can report a bill to create an Earth Resources Information System in the next session of Congress.

Mr. President, I ask unanimous consent that the Earth Resources Information Satellite System Act of 1976 be printed in the RECORD.

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

S. 3759

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Earth Resources Information Satellite System Act of 1976".

TITLE I—EARTH RESOURCES INFORMATION SYSTEM POLICIES AND MANAGEMENT

DEFINITIONS

SEC. 101. (a) For the purposes of this Act—

(1) "Administration" means the National Aeronautics and Space Administration;

(2) "Corporation" means the corporation established under Title III of this Act;

(3) "data handling segment" means that portion of an earth resources information system which includes receiving data from the space segment, archiving, retrieval, processing and duplication and dissemination of the products of the system on demand to users or subscribers.

(4) "Director" means the Director of the Office of Earth Resources Policy established by section 301 of this Act;

(5) "Earth Resources Information System" means a combination of one or more earth satellites or other observation sources and associated ground equipment for satellite command, control, data reception including data aggregation, preprocessing, processing, and dissemination, all of which are designed to contribute to information relating to the quality and quantity of earth resources; except systems established primarily for purposes of national defense, or systems whose purpose is that of a commercial telecommunications nature, either domestic or international;

(6) "Operational Phase" means the phase following the validation phase and during which there are continuing commitments to organizational, financial and operational provision of earth resources data systems, and services, and during which there is a routine supply of products and services;

(7) "research and development" refers to the conception, design, first creation and use of experimental or prototype operational devices for the operation of an earth resources satellite system, including the assembly of separate components into a working whole and their operational validation;

(8) "space segment" means that portion of an Earth Resources Information System which includes satellites or other observation sources and the associated ground equipment for command and control of the satellites; and

(9) "Validation Phase" means the phase in which the government is committed to validate the performance of space and ground equipment, service products, data handling, archiving and packaging and the dissemination of data products to users.

FINDINGS

SEC. 102. The Congress recognizing that the resources of the earth are limited and will be depleted unless better knowledge and management of those resources are established, and that the acquisition and interpretation of data which will help to determine both the quality and quantity of the earth's resources is a major element in the efficient and effective management of the earth's resources, hereby finds that—

(1) there now exist new technologies which can assist in better management of the earth's resources;

(2) Landsat and other earth resources satellites and systems though financed, built, launched, and operated for national purposes are also intended to make available data of the earth's resources and environment to the world community, and there has been extensive international sharing of the data from these satellites;

(3) the earth resources data provided by Landsat and other satellites has a broad community of users who consider the major deterrent to more extensive use of available data to be the lack of commitment to the development of a fully operational Earth Resources Information System;

(4) until there is some assurance of continuous data availability, major improvements in both the development and the use of earth resources observational data will be inhibited;

(5) the further development, operation, and production of satellites and other systems is essential to provide for an operational Earth Resources Information System;

(6) a period of validation of the Earth Resources Information System is needed to provide the framework for an operational system;

(7) the continued successful development of an Earth Resources Information System is dependent upon the continuation of the resource and development of earth resources technology satellites by the National Aeronautics and Space Administration;

(8) the validation of an Earth Resources Information System can be successfully completed in the shortest time if government, industry, domestic users and international users will cooperate to complete such validation;

(9) the government should be responsible for the development and establishment of the space segment portion of an Earth Resources Information System;

(10) the private sector should be encouraged to assume the responsibility for the domestic data handling segment;

(11) qualified private entities prepared to perform the complete function of the data handling segment should be able to access U.S. earth reosurces data systems on an equal basis; and

(12) an operational Earth Resources Information System should be organized to accomplish national objectives and to provide for the betterment of all mankind.

POLICY AND PURPOSE

SEC. 103. The Congress hereby declares that it is the policy of the United States that—

(1) the products, services, tools, and knowledge offered by advanced technology shall be applied to meet public needs for data and information on the resources of the earth, which shall include but not be limited to food, water, air, minerals, and materials;

(2) there shall be established an Earth Resources Information System which will be responsive to public needs and national objectives, which will serve the earth resource data and information needs of the United States and other countries, and which will contribute to world peace and understanding;

(3) such data services will be provided to developing countries and areas as well as to those which are more highly developed;

(4) all users shall have equal access to products of the system, and there will be both quality of services and reasonableness of charges for the services offered by this new technology;

(5) competition shall be promoted in the acquisition of equipment and services that the system utilizes;

(6) an Earth Resources Information System shall be developed in two phases—validation and operation;

(7) The Earth Resources Information System shall consist of two primary management segments which shall be a "space segment" and a "data handling segment";

(8) in order to facilitate the validation and development of an Earth Resources Information System, the private sector shall be encouraged, on a commercially viable basis, to assume the responsibility for establishment and operation of the United States data handling segment and for the management of the dissemination of all earth resources data;

(9) access on an equal basis to the United States government Earth Resources Information System data shall be granted to qualified private entities prepared to perform the complete data handling segment function during the validation and operational phases;

(10) upon the establishment by the private sector of a capability to deliver processed earth resources data, the federal government shall satisfy its requirements for such data from such sources;

(11) the National Aeronautics and Space Administration shall manage all government research and development activities relating to an Earth Resources Information System, and shall provide for the establishment and operation of the space segment of the system, including replacement of satellites and other equipment to assure continuous availability of data; and

(12) continuity of the space segment shall be a priority consideration.

TITLE II—ESTABLISHMENT OF THE EARTH RESOURCES INFORMATION SYSTEM

SEC. 201. (a) There is hereby established an Earth Resources Information System.

(b) To implement such system the President shall begin immediately to take such actions as are necessary to achieve the policy and purposes of section 103 of this Act with particular regard to continuity of the space segment and data availability.

TITLE III—FEDERAL COORDINATION, PLANNING, AND REGULATION

IMPLEMENTATION OF POLICY

SEC. 301. (a) In order to achieve the objectives and to carry out the purposes of this Act, there shall be established in the Executive Office of the President an Office of Earth Resources Policy.

(b) The President shall appoint a Director of the Office by and with the advice and consent of the Senate, who shall be compensated at the rate provided by Level 2 of the Executive Schedule in Section 5313 of Title 5, United States Code.

(c) The Director shall—

(1) aid in the planning and development and foster the execution of national policies for the establishment and operation, as expeditiously as possible, of an Earth Resources Information System;

(2) provide for continuous review of all phases of the development and operation of such a system, including the activities of the Earth Resources Information Corporation authorized under Title III of this Act;

(3) coordinate the activities of governmental agencies with responsibilities in the field of Earth Resources Information and earth resources use, so as to ensure that there is full and effective compliance at all times with the policies set forth in this Act;

(4) exercise such supervision over institutional relationships of the Corporation, other private entities involved in the provision of earth resources information services, and government agencies with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

(5) take all necessary steps to ensure the availability and appropriate utilization of the Earth Resources Information System for general governmental purposes except where a separate earth resources satellite system is required to meet unique governmental needs, or is otherwise required in the national interest;

(6) exercise his authority in order to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing earth resources data collection and processing facilities both in the United States and abroad; and

(7) recommend to the President such steps as may be necessary to assure continuity of the space segment.

(d) In carrying out his functions under this Act, the Director is authorized to—

(1) appoint such officers and employees as he may deem necessary to perform the functions now or hereafter vested in him and to prescribe their duties;

(2) obtain services as authorized by Section 3109 of Title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by Section 5332 of Title 5 of the United States Code; and

(3) enter into contracts and other arrangements for studies, analyses, and other services with public agencies and with private persons, organizations, or institutions, and make such payments as he deems necessary to carry out the provisions of this Act without legal consideration, without performance bonds, and without regard to Section 3709 of the Revised Statutes (41 U.S.C. 5).

(e) Based on experience during the validation phase and prior to commencement of the operational phase, the Director shall provide recommendations to the President for necessary legislation to regulate or license the Corporation or other private entities involved in the provision of earth resources information services in order to ensure that the purposes of this Act are carried out.

FUNCTIONS OF THE ADMINISTRATION

SEC. 302. The Administration shall—

(1) continue research and development to maintain the technological leadership of the United States;

(2) advise and consult with the Corporation or other private entities involved in the provision of earth resources information services on technical characteristics of an Earth Resources Information System;

(3) cooperate with the Corporation or other private entities involved in the provision of earth resources information services with respect to research and development;

(4) to the extent feasible, furnish other services, on a reimbursable basis, to the Corporation or other private entities involved in the provision of earth resources data services in connection with the establishment and operation of an Earth Resources Information System.

TITLE IV—CREATION OF AN EARTH RESOURCES SATELLITE CORPORATION

CREATION OF A CORPORATION

SEC. 401. (a) If the President determines that a corporation is required to be established to operate the domestic ground segment in order to accomplish the purposes and objectives of this Act, such corporation shall be established in accordance with Title III of this Act.

(b) The Corporation shall be a corporation for profit which will not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this Act and, to the extent consistent with this Act, to the laws of the jurisdiction in which it was incorporated.

(c) If with regard to section 401(a) of this Title the President determines that a Corporation is required he shall appoint incorporators, by and with the advice and consent of the Senate, who shall serve as the initial board of directors until the first annual meeting of stockholders or until their successors are elected and qualified. Such incorporators shall arrange for an initial stock offering and take whatever other actions are necessary to establish the Corporation, including the filing of the articles of incorporation.

(d)(1) The Corporation shall—

(i) establish and operate a commercial domestic data handling segment of the Earth Resources Information System as defined by section 101(a)(3) of this Act;

(ii) receive by transfer such property, including but not limited to, data, records and equipment owned by any private entity which participates in the validation phase, upon consent of such entity and under fair and reasonable terms and conditions.

(iii) provide a full line of services to all users with due regard to bi-lateral agreements with the Administration.

(2) The Corporation is further authorized to—

(i) plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or business entities a commercial Earth Resources Information System;

(ii) receive by transfer such property including but not limited to data, records and equipment held by government agencies at such times and under such terms and conditions for reimbursement as approved by the President; and

(iii) own and operate domestic data receiving terminals.

(3) In addition to the activities authorized to the Corporation for the accomplishment of the purposes stated in subsection (2) of this section, the Corporation is authorized—

(i) to conduct or contract, for research and development related to its mission;

(ii) to acquire the physical facilities, equipment and devices necessary to its operations, including earth resources associated equipment and facilities, whether by construction, purchase, or gift;

(iii) to contract with users, including the United States Government, for the services of the Earth Resources Information System; and

(iv) in cooperation with the administration, to develop plans for the technical specifications of all elements of an Earth Resources Information System.

(4) To carry out the foregoing purposes, the Corporation shall have the usual powers conferred upon a corporation by the laws of the jurisdiction in which it is incorporated.

TITLE V—MISCELLANEOUS PROVISIONS

NOTICE OF FOREIGN BUSINESS NEGOTIATIONS

SEC. 501. Whenever a private entity shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any international or foreign entity, that private entity shall notify the Department of State of the negotiations, and the Department of State shall advise it of relevant foreign policy considerations. Throughout such negotiations the private entity shall keep the Department of State informed with respect to such considerations. The private entity may request the Department of State to assist in the negotiations, and that Department shall render such assistance as may be appropriate.

SANCTIONS

SEC. 502. (a) If the Corporation shall engage in or adhere to any action, practices, or policies inconsistent with the policy and purposes declared in section 103 of this Act, or if the Corporation or any other person shall violate any provision of this Act, or shall refuse, fail, or neglect to discharge his duties and responsibilities under this Act, or shall threaten any such violation, obstruction, interference, refusal, failure, or neglect, the district court of the United States for any district in which such Corporation or other person resides or may be found shall have jurisdiction, except as otherwise prohibited by law, upon petition of the Attorney General of the United States, to grant such equitable relief as may be necessary or appropriate to prevent or terminate such conduct or threat.

(b) Nothing contained in this section shall be construed as relieving any person of any punishment, liability, or sanction which may be imposed otherwise than under this Act.

(c) It shall be the duty of the Corporation to comply, insofar as applicable, with all provisions of this Act and all rules and regulations promulgated thereunder.

REPORTS TO THE CONGRESS

SEC. 503. (a) The President shall transmit to the Congress in January of each year a report which shall include a comprehensive description of the activities and accomplishments during the preceding calendar year under the national program referred to in Title III of this Act, together with an evaluation of such activities and accomplishments in terms of the attainment of the objectives of this Act and any recommendations for additional legislation or other action which the President may consider necessary or desirable for the attainment of such objectives.

(b) The Corporation shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 504. There are arthorized to be appropriated for the purpose of carrying out section 301(a) of this Act, $1,000,000 for the period ending September 30, 1976.

Mr. FORD. Mr. President, I am pleased to join the senior Senator from Utah in sponsoring this proposed legislation which would seek to establish an Earth Resources Information System.

I believe that the remote sensing technology which NASA has developed offers an impressive potential to not only this country but also to the world.

The legislation which I am cosponsoring presents a means of realizing that potential on a worldwide scale. Yet there is another more local yet very important aspect here.

I know that Landsat imagery is valuable on the State level as well because as Governor of Kentucky I saw how our State used the imagery to its advantage in monitoring strip mining and surveying our bodies of water to prevent flooding. Even then I urged Senator Moss to proceed with an operational satellite system. Senator Moss has asked the Subcommittee on Aerospace Technology and National Needs, of which I am chairman, to examine the needs of the States relative to the proposed Earth Resources Information System. As a former Governor I welcome this opportunity to help determine how such a system can be managed in a way that is sensitive to those needs.

By Mr. BUCKLEY:

S. 3761. A bill to amend the Internal Revenue Code of 1954. Referred to the Committee on Finance.

Mr. BUCKLEY. Mr. President, I am today introducing a bill which would allow corporations to make contributions to American charities which provide relief to disaster victims overseas. Currently, individuals are allowed to make contributions which will provide charitable services abroad, so long as those contributions are made to a "corporation, trust, or community chest, fund, or foundation created or organized in the United States—under the law of the United States." But a contribution or gift made by a corporation to one of those organizations must be used in the United States or its possessions, or it will not be deductible as a charitable contribution under the provisions of that section.

In recent years, Congress has been quick to appropriate funds for relief of disaster victims abroad, most recently in the tragic case of earthquake-devastated areas in Italy. Such appropriations are, in my opinion, commendable reflections of the national will, as I am sure that an overwhelming proportion of Americans would strongly approve of expenditures of their taxes in these merciful endeavors.

Yet, I would consider it even more appropriate if Congress would remove restrictions from tax provisions to encourage American corporations to engage in such charitable acts on a private basis.

My staff has been in contact with both the Library of Congress and the Internal Revenue Service. Neither has thus far posited any credible reason for distinguishing between the deductibility of contributions made by individuals and corporations for relief overseas. It is my conviction, therefore, that this discriminatory restriction is an anachronism which should be removed from the tax code.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

S. 3761

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (2) of subsection (c) of section 170 of part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 be amended to read as follows:

"(2) A corporation, trust, or community chest, fund, or foundation—

"(A) created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States;

"(B) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals;

"(C) no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(D) no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

"A contribution or gift by a corporation to a trust, chest, fund, or foundation which is to be used outside the United States and its possessions may, if the Secretary of the Treasury shall determine that such contribution is not in the best interests of the United States, be expected by him from the provisions of this section."

By Mr. BENTSEN:

S. 3762. A bill to amend the Internal Revenue Code of 1954 to extend the present rates of withholding of income tax until the end of the year. Referred to the Committee on Finance.

TAX CUT EXTENSION FOR MIDDLE- AND LOW-INCOME FAMILIES

Mr. BENTSEN. Mr. President, I am today introducing legislation to extend the $15 billion a year tax cut for middle- and low-income Americans through the end of the year. Their taxes are now due to go up on September 1.

Mr. President, when the cost of living keeps going up, as it has with great regularity for the past several years, middle-income people and low-income people have to have money from somewhere to pay the grocery bill, and the rent, and rising utility bills.

The tax reduction, which was originally approved by Congress last year and extended into this year, means $246 a year to the average family of four.

The tax cut that this legislation extends raises the minimum standard tax deduction to $1,700 for a single person and $2,100 for a couple from $1,300 for both. It raises the maximum standard tax deduction to $2,400 for a single person and $2,800 for a couple from $2,000 for both. It also establishes a $35 tax credit for each dependent.

No one seriously expects Congress to work out differences in the next 7 days between the tax reform bill passed by the Senate and the tax reform bill passed by the House of Representatives. Yet if some action is not taken by that time, the taxes paid by middle-income families in Texas and around this country are going to increase substantially. I want to keep that from happening. Rising prices are making it tough enough for the middle-income and low-income families to meet their budgets without adding a tax increase on top of everything else.

By Mr. MOSS:

S. 3764. A bill to amend the National Environmental Policy Act in order to establish a timetable for issuance of environmental impact statements and final agency determinations upon such statements, to define the standards for review of agency environmental decisions, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. MOSS. Mr. President, today I introduce a bill to amend the National Environmental Protection Act to establish a timetable for issuance of environmental impact statements and final agency determinations and to define the standards for review.

The section on findings emphasizes the development of natural resources within strict environmental safeguards; establishes procedures for prompt analysis and decisionmaking with particular attention to the views of citizens who reside in the area of primary environmental impact.

Section 2 establishes a timetable for decisionmaking and mandatory relief, as follows:

Within 30 days it must be determined whether subsection 102 of the act requires an EIS; the lead agency must be designated and 5 days thereafter publication of notice thereof must be published in the Federal Register;

Within 1 year of such designation of lead agency a draft environmental impact statement must be circulated to other agencies by lead agency and be published in the Federal Register;

The applicant may be required to provide information, including a draft environmental impact statement, but in no event shall the applicant be required to furnish information after the expiration of 270 days following the designation of the lead agency;

Applicant's failure to provide information precludes any relief, except for requests made subsequent to the expiration of the aforementioned timetable;

Within 120 days following publication of the EIS, the lead agency shall circulate and receive other agency comments, conduct public hearings and issue and publish the final EIS;

Within 30 days of publication the lead agency must issue final decision approving or disapproving the application.

Upon failure of the lead agency to comply timely with these amendments the application is deemed approved upon petition by applicant to any district court.

Right of appeal is provided for a rehearing and/or review of final agency decision in the U.S. Court of Appeals for

the U.S. circuit wherein the lands subject to the application lie.

The party seeking to set aside or enjoin any action pursuant to a final decision shall post security for costs and damages in an amount not less than $1,000 to be set by the court.

Quite simply this legislation is aimed at getting rid of foot dragging and administrative delay. It is intended to expedite decisionmaking. If this bill is enacted the executive branch can no longer hide behind the EIS requirements.

Let me use energy needs as a case in point. Our energy situation deteriorates steadily. Reliance upon foreign oil puts us in a more vulnerable position daily. Oil production from domestic sources is dropping some 3 to 4 percent each year, even though exploration and development budgets of domestic companies have nearly doubled over the past 5 years—New York Times, August 15, 1976, Charles Maxwell—voluntary conservation efforts are an abject failure. Added to that are the uncertainties of capital expenditures brought about in part by delays in the regulatory process. Yet we continue to delay interminably in getting from the drawing board to reality with EIS statements.

Let me give you three examples. First—the delay of the Alaska pipeline—for which the Congress finally found it necessary to enact specific provision to abate further environmental delay. With EPA, FEA, and Interior delay of approvals, and with State and local as well as the FPC foot dragging, it will be 9 years, if then, before we finally obtain oil from the North Slope.

The second example is the proposed powerplant at Kaiparowits in the State of Utah.

Escalating costs and administrative delay forced the withdrawal by the companies from the planned project.

I ask unanimous consent to have printed in the RECORD a chronology prepared by the Salt Lake office of the Bureau of Land Management of significant dates and events in the preparation of the environmental impact statement on Kaiparowits:

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

DATE AND EVENT

June 9, 1971: State Indemnity Lieu Selection Application (U–1516) filed for Nipple Bench town site.

1972 and 1973: Preliminary meetings and field trips.

January 3, 1974: Secretary Whitaker assigned responsibility for EIS to BLM.

February 25, 1974: State Indemnity Lieu Selection Application (U–25511) filed for Four Mile Bench site.

March 18–19, 1974: Formal start of EIS organization.

May 16–17, 1974, Interior Agencies, Forest Service, Companies: Transmission system meeting. The Companies were informed by BIA that they would not be able to cross the Navajo Reservation.

May 28, 1974, BLM, Companies: Discuss further requirements for description of proposed action.

July 2, 1974, Interior Agencies, Companies: Met with Companies and reviewed outline of their submission. Final agreement that complete submission would be made by Companies on August 15, 1975.

July 15, 1974, Office of Environmental Project Review Solicitor, Interior Agencies, Companies, State of Utah: Further organization and initial review of work.

August 8, 1974: Southern California Edison submitted the description of the proposed project, excluding the Arizona Public Services transmission system, alternatives, and environmental data.

August 21, 1974: Description of APS transmission system submitted.

August 23, 1974: Review by Interior stating that project description was inadequate.

August 27, 1974: BLM informed of limestone quarry proposal for first time. Companies informed of what information would be necessary.

August 28, 1974, Interior, BLM, SoCalEd: Meeting to review Companies project description. Companies were informed that description was inadequate and would have to be rewritten.

August 30, 1974, BLM, Companies: Meeting to try to clarify limestone quarry proposal.

September 6, 1974: Letter informing Companies again of inadequate project proposal.

September 17, 1974: New description of proposed action submitted. Mine output changed from 9 million to 12 million tons per year.

September 19, 1974: Interior, Interior Agencies, Companies: Reviewed September 19 submittal. Project description determined to be indefinite and incomplete. Detailed requirements provided to Companies.

September 24, 1974: Companies informed in writing that conflicts between SoCalEd and APS transmission system will have to be resolved and one submission made.

September 26, 1974: Limestone quarry team started to work.

September 30, 1974: Description of some transmission system alternatives delivered.

October 7, 1974: Revised description of coal mine and limestone quarry submitted.

October 8, 1974: Additional transmission route alternative requested to avoid Navajo Reservation. Description not provided.

October 23, 1974: Revised description of generating station and transmission system submitted.

October 24, 1974: Revised description of alternative submitted.

November 4, 1974: Final submission on description of proposed project from Companies.

November 19, 1974: First preliminary draft finished.

November 21, 1974: Final decision on location of new highway submitted by Kaiparowits Planning and Development Advisory Council.

December 2–6, 1974, OEPR, SOL, Interior Agencies Forest Service Navajo Nation, EPA: First interagency review.

December 4, 1974: Description of new city received from Planning and Development Advisory Council.

December 20, 1974: Proposed new city increased from 4,000 to 8,000 acres.

January 6, 1975: Description of alternative new city locations received from Planning and Development Council.

January 30, 1975: Second preliminary draft submitted to BLM Washington Office.

February 25, 1975: SoCalEd feels that a right-of-way crossing the Navajo Reservation may not be viable.

February 28, 1975: Interior review of second preliminary draft completed.

March 19, 1975: Representatives from Southern California Edison (El Hathaway and Frank McCracklin) met with BLM and Departmental officials to discuss recent problems in the transmission system to California. Developments with respect to transmission lines proposed to cross the Navajo Indian Reservation indicate SoCalEd may opt to select other more viable alternatives. It was agreed these alternatives require more depth of analysis in the draft EIS. SoCalEd agreed to supply more detailed data on these alternatives to the EIS team by April 3, 1975.

March 25, 1975: Director, BLM, outlined steps that need to be taken to the SD, Utah, to complete draft EIS.

April 1, 1975: Conference call to EIS team from W.O., where Departmental and Solicitor's Office explained review comments on work done to date.

April 3, 1975: EIS team in Utah received detailed data and information on SoCalEd's preferred alternatives for transmission line systems. Analysis of data for completeness scheduled for April 7 through 11.

April 14–18, 1975: Office of Environmental Project Review, Solicitor's Office, and Bureau of Land Management representatives to meet in Salt Lake City with ETS team to review work done on review comments, assist in analysis of new data, and determine how best to portray it in EIS, and develop a realistic time schedule for completion of the draft.

April 21, 1975: A detailed, revised schedule for the completion of a draft EIS will be submitted to the Secretary's Office.

April 23, 1975: Under Secretary Lyons approved revised schedule for completion of draft statement. New completion date is July 11, 1975. Other involved Interior Bureaus and organizations were instructed on same date to review the January draft and provide written comments to BLM by May 9, 1975.

June 11, 1975: Memorandum from SD, Utah, requesting extension of draft completion date from July 11 to July 28. Request granted by Deputy Under Secretary.

June 26 to 27, 1974: Final review of draft statement conducted in Salt Lake City by Office of Environmental Project Review staff.

July 21, 1975: Submission of draft statement to W.O. for filing with CEQ.

July 25, 1975: Draft statement filed with CEQ as DES 75–43.

September 15, 1975: Meeting between Deputy Assistant Sec. Robinson and Senator Moss' staff and Charles Hansen on transferring public lands for townsite.

September 23, 1975: An additional 45-day period was granted for receiving public comments on the draft statement, extending the original 60-day period to November 14, 1975.

September 23, 1975: Memorandum from the Director to the SD, Utah directing that the final impact statement be completed and submitted to the W.O. by January 1976 at the very latest.

September 30, 1975: Southern Calif. Edison submitted comments on the draft statement and revisions and changes in the project description.

October 9, 1975: SD, Utah requested additional information from the proponent concerning project changes.

October 15, 1975: Meeting held in W.O. with representatives of Utah, Arizona, and Nevada BLM to recommend way to handle proponents changes in the final EIS. Recommendations presented to Robinson, Koenings, and Monroe who agreed and extended the date for getting the final statement into W.O. in a printed form of February 29, 1975.

October 28, 1975: Additional information requested of the proponent received by the SD, Utah.

November 14, 1975: Public review period for commenting on the draft statement expired.

December 3, 1975: OEPR received the revised Chapters I, II, and VIII (final) for their review and comments.

December 9, 1975: Traylor, Staten, and Stone transmitted their review comments on Chapters I, II, & VIII of the final statement to the study team.

December 12, 1975: Partial review of Chapt. III transmitted to the study team.

December 13, 1975: Chapter IV transmitted to the reviewers. Chapters V, VI, VII, VIII, and IX transmitted to the reviewers.

January 15, 1975: Memo from the Under Secretary to the Asst. Secretary for FW&P, PD&B, and L&WR directing the review and printing procedures to be followed on the final EIS.

January 30, 1976: Review of the draft FEIS completed. Necessary changes and modifications to the draft agreed upon between the reviewers and the SD, Utah. Material scheduled to the printer by 2-11-76.

March 4, 1976: Filed final EIS with CEQ.

March 8, 1976: Notice of Availability published in Federal Register.

March 8, 1976: Draft PDOD received in WASH office and distributed to Interior Office for review and comment.

March 8, 1976: NPS released air quality study entitled "Analysis of Kaiparowits Powerplant Impacts on National Recreation Resource."

March 16-19, 1976: Utah S.O. personnel in WASH to incorporate review comments into PDOD.

April 2, 1976: Executive Secretary distributed preliminary final PDOD and planned schedule to Asst. Secretaries.

April 14, 1976: Southern California Edison and San Diego Gas and Electric Companies announced they were withdrawing financial support of the project.

April 16, 1976: PDOD finalized.

April 29, 1976: Letter from Arizona Public Service Co. withdrawing application A-9335.

May 10, 1976: Letter from San Diego Gas and Electric Co. stating that So-Cal-Ed will request withdrawal of the ROW applications.

May 17, 1976: Letter from Southern California Edison Co. withdrawing all ROW applications and special land use permits except the two for a weather station and water quality monitoring. No further action is required by the Department.

Mr. MOSS. Obviously the efforts of the companies to provide more power to communities within their ambit did not begin with the 1971 date. Much planning, exploratory work and commitment of time and money preceded the first listed date. And much bureaucratic delay and confusion followed.

The third example is again from my State—the Bonneville Unit of the Central Utah Project—a reclamation project essential to providing additional needed water supply for domestic use in Salt Lake Valley.

The Project Office of the Bureau of Reclamation in Utah started to prepare the EIS statement on the Bonneville Unit in January 1972. The first draft was filed with the Council on Environmental Quality on August 4, 1972.

CEQ then circulated the draft to other Government agencies, and some asked for more than the 45 days allowed for comments. This was granted. It took extra time for the preparation of the final draft EIS, and it was not filed with CEQ until a year later—August 2, 1973.

It then required several months to get final clearance from the Secretary of the Interior.

A court case filed by environmental groups was pending generally during some of the time the EIS was under preparation. So the Bonneville Unit was held up further. The Court case was settled shortly after the Secretary of the Interior cleared the EIS—so the project could go ahead.

During the months the EIS was under preparation, construction continued on the project underway—The Soldier Creek Dam. But no contracts for future work were let.

The Court determined that the EIS prepared by the Bureau of Reclamation was adequate only for the collection system of the project—the Strawberry Acqueduct and its related parts. Three additional impact statements are now under preparation: First, Jordanelle Reservoir—Provo River; second, Diamond Fork System, third Utah Lake, Sevier River System. The first of these should be completed in first draft form this fall.

And there is not a drop of water delivered yet.

In addition to the procedural problem of untold delay which this legislation would alleviate, I believe there are substantive faults in the way we handle our quest for protection of natural resources.

As D. W. Schindler said in "The Impact Statement Boondoggle" printed May 7, 1976 in Science:

> The advancement of the scientific method is also in jeopardy. First-rate natural scientists are finally learning to set and test hypotheses and to study mechanisms and processes that are important in natural systems, rather than simply to survey and catalog the systems. They are, however, usually not attracted to the undefined scientific problems, complex committee hierarchy, and unrealistic time constraints that are usually attached to impact studies. Instead, such studies are often done by scientists who cannot successfully compete for funding from traditional scientific sources. In general their methods are ancient, descriptive "textbook" techniques, which do not reflect either the many scientific advances of the past decade or the problems unique to the study undertaken. The same tired old bag of tricks is applied to studies of every type, regardless of the type of impact anticipated. The type of data generated cannot usually be extrapolated from one ecosystem to another, because studies were not planned with that as a major objective. As a result, each new study begins with little or no logical background, and no master plan for studying environmental processes is emerging. How well a particular study is funded is a direct function of the value of the resource to be affected, with no consideration given to the amenability of the system to study or to the quality of science which might result. Enormous sums are therefore spent with little or no scientific return.

Clearly, we appear to the scientific community, not to be using the best, most efficient, scientific method possible.

So I propose to make substantive suggestions in this area. There are also jurisdictional questions as between agencies and departments which should be resolved. At a later date I will have more to say on both of these matters.

I commend to the Senate this bill and hope it will serve as a mechanism to direct our thinking to these problems.

We are unduly frustrating our energy and productivity requirements of this country. We need to take a long hard look at NEPA. We need to evaluate our environment and any impact upon it, but we must act promptly and with awareness of the penalties of prolonged delays and bureaucratic confusion.

By Mr. WILLIAMS:

S. 3766. A bill to amend the Export Administration Act of 1969 to prohibit the export of horses from the United States for purposes of slaughter. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. WILLIAMS. Mr. President, today I am introducing a bill designed to halt the inhumane shipment of horses abroad for slaughter.

U.S. humane investigators have brought this sordid trade to public attention. Horses and ponies, many of which are former pleasure mounts, are purchased at auctions throughout the United States. They are then transported and held at ports until enough can be assembled for a shipload, which may vary in size from 100 to 1,000 horses. Most of the shipments originate in Richmond, Va., and disembark in Bari, Italy, or Le Treport, France. From there the horses are taken to slaughterhouses. However, many do not reach their destination.

According to John C. Walsh, a field officer for the International Society for the Protection of Animals—

> There have been instances, one that I know of personally, where a boatload of horses has been unloaded and then a day or so later dead ones have floated up to the dock. They just pitched them overboard.

The horses which do arrive are often dead, sick or injured. "Many of them are emaciated," says Walsh:

> They have sores and bloody injuries from banging their heads on metal ductwork, and all of them are exhausted. They can't sleep because of the rolling of the ship.

In response to protests over this inhumane activity, particularly as a result of a New York Times article published last year, the U.S. Department of Agriculture proposed new regulations for the handling, shipment, and inspection of livestock for export.

The Department also plans to monitor future voyages in order to determine the adequacy of current regulations. Although these are steps in the right direction, I do not feel they go far enough. There is no way the Department can insure that horses are treated humanely once they leave the United States.

And, many persons experienced in the handling and transport of horses, contend that there simply is no humane way to ship large consignments of horses by sea over long distances.

The Canadian Government banned the shipboard transport of live horses on July 1, 1974. After an extensive investigation, the Canadian Ministry of Transport found that "horses cannot be carried in large numbers on board ship without undue suffering."

The USDA's National Horse Industry Advisory Committee recommended in its December 1975 meeting that a similar ban be instituted in the United States.

The bill I am introducing today would do just that. It would provide limited exemptions for small consignments of horses not intended for slaughter. Such shipments would be strictly regulated by the Secretary of Commerce, in consultation with the Secretary of Agriculture. Ths would allow individual owners to ship horses by sea for pleasure, breeding, or racing purposes when air transportation is not practical.

Mr. President, I ask unanimous con-

sent that the bill be printed in the RECORD.

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

S. 3766

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Export Administration Act of 1969 is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of this Act,

"(1) the export from the United States of any horse by vessel after December 31, 1976, is prohibited: *Provided, however,* That the Secretary of Commerce, in consultation with the Secretary of Agriculture, may establish regulations to provide waivers which permit the export from the United States of special consignments of not more than ten horses, if the Secretary of Commerce determines, in accordance with procedures contained in such regulations, that no horse in any such consignment is being exported for purposes of slaughter. Such regulations shall contain humane standards specifying the physical conditions under which any horse permitted to be exported shall be transported.

"(2) In no event may horses be exported transatlantic by vessel from November 1 to March 31 inclusive."

By Mr. BENTSEN (for himself, Mr. CRANSTON, Mr. INOUYE, Mr. FONG, Mr. GRAVEL, Mr. ALLEN, Mr. JOHNSTON, Mr. HATFIELD, Mr. TUNNEY, and Mr. LONG):

S. 3768. A bill to provide for the development of aquaculture in the United States and for other purposes. Referred to the Committee on Commerce.

NATIONAL AQUACULTURE ORGANIC ACT OF 1976

Mr. BENTSEN. Mr. President, today I am introducing a bill which, if enacted, will enable this country to open up a new major industry. More than that, this bill will enable us to increase our supplies of valuable foodstuffs and lower our dependence on other countries for these commodities.

This bill is entitled "The National Aquaculture Organic Act of 1976." It will state that it is America's policy that a strong aquaculture industry be established in this country. This National policy will be backed up with a strong commitment to cooperation and coordination between all levels of Government and between the public and the private sector. This national policy will act as a stimulus to an industry which is still in its infancy in America, but which has proven itself over and over again in other countries.

As my distinguished colleagues are well aware, aquaculture is the culture of fish, shellfish and seaweed. It is used to either add to natural supplies or to produce commercial products for sale to consumers. Currently, U.S. aquaculture is responsible for all trout produced in this country, for over half our catfish and crawfish, and for sizable portions of our oysters and salmon. In 1973 and 1974 aquaculture was a $191 million industry in the United States, accounting for about 3 percent of all fish and shellfish consumed domestically.

When these figures are compared to what has been accomplished in other countries and what could be accomplished in America, they indicated that we have not yet begun to exploit the full potential of this industry. Right now, in the free world, aquaculture accounts for fully 10 percent of all fish and shellfish consumed. Too, in this country we only produce five or six species on anywhere near a commercially successful basis, while in other countries dozens of species are now produced in controlled environments for supply to consumers.

The chief reasons for the success of other countries are three-fold:

First, capital is available and goes further in those countries than in the United States.

Second, consumption and price are higher.

Third, in those countries there is a national policy to promote aquaculture.

U.S. consumption of fish and shellfish is on the increase according to every study on the subject. Demand is growing. However, the technology for U.S. aquaculture has not yet been perfected, and there is still high risk in the industry. Consequently, venture capital, already scarce in these difficult economic times, is not available in sufficient quantity for further development of aquaculture. With more practical knowledge and with a few vivid demonstrations of success, of practicality and of commercial viability, private industry will increase its investment in the industry.

There are several good reasons for us to make aquaculture more attractive to the private sector right now, rather than in the distant future:

Normal international supplies of fish appear to be diminishing while demand is increasing. Too, due to increase in fuel prices it has become more expensive to send fishing vessels thousands of miles to distant international waters. Greater production of fish and shellfish in inland, coastal, and near-coastal waters will both increase supply and cut down on energy costs.

Currently, the U.S. imports more than 50 percent of our fishery products; in 1974 this amounted to $1.5 billion. More domestic production, which would come through aquaculture, will help with our balance of payments problems. One estimation predicts an annual balance of payments savings of $580 million annually.

Aquaculture is an ideal industry for coastal wetlands, many of which are now being underutilized. Also, it can make use of thermal effluents from power plants, thus bring value to a resource that is now regarded as a nuisance and largely wasted. Currently power plants in New York, Florida, Texas, and California are experimenting with this type of system.

Since it began ages ago, the open-seas and coastal waters fishing industry has been plagued not only by shortages of fish, but by fluctuations in the supply of fish available for catching. Introduction of juvenile species, known as ocean ranching, now makes it possible to stabilize and increase this supply to the benefit of the fishing industry.

In general, protein-rich foods are in short supply around the world. Increased yield in the fishing industry, brought about by aquaculture, can make significant contributions towards increasing these supplies of necessary protein-rich foods.

Aquaculture has benefited the large corporations, "Mom and Pop" operations, and small farmers. Facilities may range from multi-million dollar operations yielding thousands of tons per year to small tanks and ponds. For several species, current technology is sufficient to allow small operations; what is needed is the perfection of marketing systems designed to bring fish from small producers to consumers. One object of the National Aquaculture Act is to aid in the development of these marketing systems.

My interest in this industry was prompted by the many successful aquaculture projects carried out by and through the Cooperative State Research Service of the Department of Agriculture. Currently, CSRS sponsors 48 research projects at State Agricultural Research Stations and at land grant colleges. These projects include studies on breeding and genetics, nutrition, disease and parasite control, and quality control. The scientists involved in these projects take a shirt-sleeve, hard-working approach to their research, and they have done much to further the development of foodfish.

Mr. President, the major provisions of the National Aquaculture Organic Act are as follows:

The act would establish a national aquaculture development plant under the Secretary of Commerce, who will consult with the Secretary of the Interior and the Secretary of Agriculture. The plan is to identify priority species to which efforts will be devoted.

The act calls for the Federal Government to provide information and technical assistance to persons and organizations interested in aquaculture. One method of accomplishing this will be to establish a public aquaculture information center.

The act will establish an Interagency Committee on Aquaculture, which will include representatives from Commerce, Interior, Agriculture, ERDA, EPA, and FDA.

The act provides for contracts and grants to colleges, universities, and other entities to further develop aquaculture.

The act permits the Secretary of Commerce to guarantee commercial loans and obligations made to persons for the purpose of construction, reconstruction, or reconditioning of aquaculture facilities in the United States.

The National Aquaculture Organic Act of 1976 is of particular importance to those States which have made significant strides in the development of aquaculture industries. To be sure, these include all the coastal States, but it also includes many of our inland States. In Texas, shrimp are now being raised successfully in Corpus Christi, utilizing the thermal effluent from a nearby powerplant. Yet we of Texas have found that shrimp need not be raised only on the coast. Hundreds of miles inland near Pecos we are, on an experimental basis, raising these same shrimp in ponds located in a semi-arid region. These ponds are fed by the salt waters pumped from an an-

cient ocean which still exists deep underground.

Too, in the farmlands, Texas catfish are raised in ponds and tanks. These fish are sold to local markets or are used to stock other ponds, rivers, and lakes.

Many of our Southern States are also engaged in the raising of several aquaculture species. In the Northeast, oysters and lobsters are now being raised like farm animals. In the Northwest juvenile salmon are being released into native streams which carry them out to sea where they mature. In just a few years these salmon return to those same streams to spawn, and there they are harvested by local citizens. On the Western coastlands abalone are now being grown commercially.

These are just a few examples of what is happening now. What can happen in the future is even more exciting: The production of fish from old offshore oil platforms; the release of shrimp into coastal waters where they will mature and be harvested by the shrimping industry; the breeding and development of superspecies, larger, better, and more nutricious than those that now exist.

As we farm the land, so can we farm the waters. The National Aquaculture Organic Act of 1976 is a major step in that direction. I hope that my colleagues will join me in support of an act which will bring more progress in an area on which we must place increasing reliance.

Mr. FONG. Mr. President, I am happy to join in cosponsoring the proposed National Aquaculture Organic Act of 1976, introduced by the junior Senator from Texas (Mr. BENTSEN).

I wholeheartedly endorse the purpose of the bill, to provide for the development of aquaculture in the United States. Aquaculture has been defined scientifically as "the culture and husbandry of aquatic organisms of value under a controlled or selected environment." In general, aquaculture is thought of as the growing of fish, shellfish, and seaweeds.

In a study prepared this year, the Congressional Research Service noted that the Chinese have been in the fish culture business for some 20 to 30 centuries but in the United States commercial fish culture is only a few decades old.

Aquaculture is receiving increasing attention in the United States and worldwide because of the threat of mass famines in countries where continuing human population growth is outstripping food production capabilities. Domestically, overexploitation of fish stocks and the extension of fisheries jurisdictions by other countries have underscored the need for increasing food fish production in the United States.

In summarizing the Congressional Research Service's study, its consultant, Dr. Robert Shleser, made these conclusions:

1. A review of the status of aquaculture in the world indicates that (a) aquaculture is contributing significantly to the economies of other countries, and (b) aquaculture makes a very small contribution to the economy of the United States.

2. There is an extensive market for sea food in the United States.

3. The United States imports more than 50 percent of it sea food.

4. The United States has the potential to provide a significant portion of marine products by acquaculture.

5. Aquaculture can produce feed stuffs for terrestrial animals.

Aquaculture was a $191,480,000 industry in the United States in 1973–74. It accounts for only about 3 percent of all U.S. consumption of fish and shellfish. However, in Japan and Czechoslovakia, aquaculture produces 10 percent of their fish and shellfish.

It is, therefore, encouraging to note that a number of bills have recently been introduced in Congress which recognize the potential of a nationwide aquaculture industry in this country.

The purpose of the proposed National Aquaculture Act introduced today is to establish a national policy to promote aquaculture through further technological development and by making less risky private capital investment in the industry. It is hoped that with more practical knowledge and with examples of successful operations, private enterprise will increase its investment in the industry.

Under the bill, aquaculture development in this country would be assisted through basic and applied research, coordination of existing and future activities, sharing of information, and guaranteeing loans for the development of commercial aquaculture facilities.

I am pleased that my State of Hawaii is taking active steps to promote aquaculture. Under its own initiative, Hawaii is currently developing an aquaculture master plan sponsored by the State Department of Planning and Economic Development and the University of Hawaii Sea Grant College program. They are receiving the expert services of the consultant mentioned earlier, Dr. Robert Shleser, assistant professor of Food Science and Technology, University of California at Davis, and director of the aquaculture program of the University of California's Bodega Marine Laboratory.

Because of its strong commitment to marine resource development, the University of Hawaii is strategically located to advance aquaculture in the Pacific. As one of the first institutions to be designated a Sea Grant College, the University is providing strong leadership under the able direction of Ronald Linsky, who says:

Clearly, Hawaii can be identified as a principal location to carry out the culture of shrimp, salt water fin fish, and economically important seaweeds.

Experts point out that many species have specific requirements that are only met in certain regions of the world. One of the principal requirements for many aquatic species—shrimp, lobsters, prawns, catfish, to name a few—is warm water. The State of Hawaii has an abundance of this resource and a strong desire to develop commercial aquaculture. The master plan now being developed for the State will identify those species which offer the greatest economic opportunities.

The importance of aquaculture to Hawaii is further reflected by the fact that there are Federal, State and private programs directed toward developing aquaculture industries in the State. One result has been the establishment of a profitable fresh water prawn industry in the State. I share their feeling that Hawaii would be an ideal location for a center for tropical aquaculture.

The National Aquaculture bill can be of great benefit not only to Hawaii but to the Nation as a whole in developing aquaculture's potential. It deserves widespread support and approval.

ADDITIONAL COSPONSORS

S. 755

At the request of Mr. BURDICK, the Senator from Michigan (Mr. PHILIP A. HART) was added as a cosponsor of S. 755, to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service.

S. 2020

At the request of Mr. RIBICOFF, the Senator from Missouri (Mr. SYMINGTON) was added as a cosponsor of S. 2020, to provide optometric coverage under part B medicare payments.

S. 2335

At the request of Mr. Moss, the Senator from Maine (Mr. MUSKIE) was added as a cosponsor of S. 2335, the Fairness in Franchising Act.

S. 2547

At the request of Mr. MCGOVERN, the Senator from North Dakota (Mr. BURDICK) and the Senator from New Hampshire (Mr. MCINTYRE) were added as a cosponsors of S. 2547, to provide for medicare coverage for nutrition counseling in the home.

S. 3182

At the request of Mr. TAFT, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 3182, to amend the Occupational Safety and Health Act of 1970.

S. 3516

At the request of Mr. BENTSEN, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 3516, relating to the suspension of certain loans by the Export-Import Bank.

S. 3691

At the request of Mr. MCGOVERN, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 3691, to provide emergency loans to certain farmers.

S. 3704

At the request of Mr. HUGH SCOTT, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 3704, relating to the importation of mushrooms.

S. 3715

At the request of Mr. CHURCH, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 3715, the Honey and Honey Products Inspection and Identification Act.

AMENDMENT NO. 2094

At the request of Mr. BEALL, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of Amendment No. 2094, intended to be proposed to S. 2657, the Education Amendments of 1976.

SENATE RESOLUTION 520—SUBMISSION OF A RESOLUTION CONCERNING THE SITUATION IN NORTHERN IRELAND

(Referred to the Committee on Foreign Relations.)

Mr. BUCKLEY submitted the following resolution:

S. RES. 520

Whereas the Irish people of the six county area known as Northern Ireland have been denied fundamental civil rights, and

Whereas the continued tempo of violence poses a grave threat to the interests of individual liberty, justice, and the peace of the region, and

Whereas it is in the best interests of all parties concerned that the Northern Ireland question be resolved peacefully, therefore be it

Resolved, That it is the sense of the Senate that the President make available the good offices of the United States to effect a peaceful resolution of the dispute in Northern Ireland.

Mr. BUCKLEY. Mr. President, I am today submitting, for proper referral, a resolution concerning the situation in Northern Ireland. This resolution, which is identical to a resolution I introduced in 1971, states that it is the sense of the Senate that the President make available the good offices of the United States to effect a peaceful resolution of the dispute in Northern Ireland.

When I first introduced this resolution, I noted that there existed in the United States a great sympathy for the plight of the Catholic minority in Northern Ireland. This observation is as true in 1976 as it was in 1971. Americans will always have a legitimate concern over injustice, oppression, and discrimination practiced against any people anywhere in the world. In this, our Bicentennial Year, we are reminded of that commitment to those who do not enjoy in full the blessings of freedom and equal justice.

We frequently hear that the problems in Northern Ireland cannot and never will be resolved. We are told that the centuries' old religious and cultural hatred and mistrust will prevent a peaceful resolution of Northern Ireland's problems. We are tempted to believe that there are no signs of progress in Northern Ireland, and further, that there will not be any rays of hope.

I today submit that these gloomy forecasts are wrong. There are rays of hope in Northern Ireland. The 10,000 Catholics and Protestants who recently marched for peace in Belfast prove that hope for peace does exist.

This march, which joined Protestant and Catholic together, offers us proof that the Irish people want the killing and strife to end. The Irish Echo, a newspaper published in New York, carried a moving account of this demonstration. This article pointed out that:

> Protestants risked their lives to march into Republican strongholds to join the demonstration demanding peace. It was probably the first time that many had dared venture in the Andersontown Road and Falls Road since the troubles began.
>
> The people came from the length and breath of Catholic West Belfast, from the Protestant East, from the mixed Ormeau Road and the simple joy of being able to mix in a common rejection of violence and advocacy of peace made it one of those rare occasions in Belfast when the extreme emotion aroused was uplifting rather than enraging or depressing.

The organizers of the demonstration are planning further rallies across Northern Ireland in order to unite Catholic and Protestant women in the cause of peace. An article in last Sunday's New York Times remarked on their effectiveness as follows:

> The peace movement's strength is its lack of political involvement and the simplicity of its demand—that gunmen on both sides stop the violence and that the British army pull out and leave Protestants and Catholics to heal the deep religious and political divisions that have plagued them for centuries.

Mr. President, the courageous women of Northern Ireland are pointing the way. The people of Northern Ireland are crying out for an end to the tragic violence they have endured for too many years. The close friendship of the United States to both Ireland and England provides our country with an extraordinary opportunity to assist in the negotiation of a peaceful resolution of the dispute in Northern Ireland. The Senate can prove to the American people and the dedicated marchers in Belfast that their hopes for peace can be fulfilled.

To this end, Mr. President, I am submitting the resolution which petitions the President of the United States to make the good offices of the United States available for the purpose of restoring peace to the six counties of Northern Ireland.

AMENDMENTS SUBMITTED FOR PRINTING

EDUCATION AMENDMENTS OF 1976—H.R. 12851

AMENDMENT NO. 2205

(Ordered to be printed and referred to the Committee on Labor and Public Welfare.)

Mr. ALLEN (for himself and Mr. SPARKMAN) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 12851) to extend and amend the Higher Education Act of 1965, as amended, and for other purposes.

EDUCATION AMENDMENTS OF 1976—S. 2657

AMENDMENT NO. 2206

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

Mr. ALLEN (for himself and Mr. SPARKMAN) submitted an amendment intended to be proposed by them jointly to the bill (S. 2657) to extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes.

AMENDMENT NO. 2207

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

Mr. BELLMON. Mr. President, the education amendments of 1976, S. 2657, includes authorizations for several programs which provide assistance for higher education. S. 2657 proposes an increase in the income eligibility limit in the guaranteed student loan program.

This increase will have a cumulative cost of $840 million over the next 5 years. While I support the basic guaranteed student loan program, I object to this increase which places the Congress in the position of subsidizing the college education of students from families well above the median family income. I am therefore offering this amendment to strike the proposed change in income limit.

AMENDMENT NO. 2208

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

Mr. BELLMON. Mr. President, on Thursday of this week, it is expected that the Senate will take up S. 2657, the Education Amendments of 1976. While I support the purposes and most of the provisions of the bill, the proposed increase to the basic educational opportunity grant—BEOG—has serious budgetary implication. I am therefore proposing an amendment which strikes the proposed BEOG's increase, but leaves the program at the current funding level.

Section 121(b)(1) of S. 2657 raises the ceiling per grant in BEOG's from the current $1,400 level to $1,800. In order to fully fund such a change, the appropriation for the program would have to be significantly increased. The minimum additional cost assuming the same participation rate as in fiscal year 1976 is $600 million and the increased cost per year could be as high as $1.15 billion. The Labor and Public Welfare Committee did not include this proposed change in its March 15 recommendation to the Budget Committee. Since we had no knowledge of the proposed change, the funds necessary for this increase were not included in planning for the first concurrent resolution. Because of the size of the increase and the committee's failure to report the increase, I am offering this amendment which strikes the increase in ceiling, restoring the program to its present ceiling of $1,400 per grant. If this amendment is not accepted, we run the risk of either raising the deficit or crowding other education programs out of the budget.

I ask unanimous consent that a table be printed in the RECORD.

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

BASIC EDUCATIONAL OPPORTUNITY GRANTS

Current Level ($1,400 ceiling, 74% participation), $1,300 million.

Increase in FY 77 (S. 2657), $600 million to $1,200 million.

Total FY 77 funding range for full funding (74%–100% participation), $1,900 million to $2,500 million.

NATIONAL FOREST MANAGEMENT ACT OF 1976—S. 3091

AMENDMENTS NOS. 2209, 2210, AND 2211

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

Mr. HUMPHREY. Mr. President, I am today submitting three amendments to S. 3091, the National Forest Management Act of 1976. I ask unanimous consent that they be printed at this point in the RECORD.

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

AMENDMENT No. 2209

On page 13, strike out lines 20 through 24 and insert in lieu thereof the following:

"(4) specifying procedures to insure that plans are prepared in accordance with the National Environmental Policy Act of 1969, including, but not limited to, direction on when and for what plans an environmental impact statement required under section 102 (2) (c) of that Act shall be prepared;".

AMENDMENT No. 2210

On page 20, line 17, insert immediately after "in" the words "present or future".

AMENDMENT No. 2211

On page 31, strike out lines 5 through 9 and insert in lieu thereof the following: SEC. 17(a) The Act of March 1, 1911 (36 Stat. 961), as amended; 16 U.S.C. 480, 500, 513–517, 517a, 518, 519, 521, 552 563), is amended as follows:

(1) Section 4, as amended, is repealed.

(2) Section 5 is repealed.

(3) Section 6 is amended to read as follows: "The Secretary of Agriculture is hereby authorized and directed to examine, locate and purchase such forested, cut-over or denuded lands within the watersheds of navigable streams as in his judgment may be necessary to the regulation of the flow of navigable streams or for the production of timber. The examination for purchase of lands necessary to the regulation of the flow of navigable streams shall be made in cooperation with the Director of the Geological Survey who shall submit a report to the Secretary of Agriculture showing that the control of such lands by the Federal Government will promote or protect the navigation of streams. No deed or other instrument of conveyance of lands referred to herein shall be accepted or approved by the Secretary of Agriculture under this Act until the legislature of the State in which the land lies shall have consented to the acquisition of such land by the United States for the purpose of preserving the navigability of navigable streams."

(4) Section 7, as amended, is amended to read as follows: "When the public interests will be benefited thereby, the Secretary of Agriculture is hereby authorized, in his discretion, to accept on behalf of the United States title to any lands within the exterior boundaries of national forests acquired under this Act which, in his opinion, are chiefly valuable for the purposes of this Act, and in exchange therefor to convey by deed not to exceed an equal value of such national forest land in the same State, or he may authorize the grantor to cut and remove an equal value of timber within such national forests in the same State, the values in each case to be determined by him: *Provided*, That before any such exchange is effected notice of the contemplated exchange reciting the lands involved shall be published once each week for four successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands to be accepted, and in some like newspaper published in any county in which may be situated any lands or timber to be given in such exchange. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to such national forests, and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands so accepted by the Secretary of Agriculture shall, upon acceptance, become parts of the national forests within whose exterior boundaries they are located, and be subjected to all provisions of this Act."

(5) Section 9, as amended, is amended by striking out the following language in the first sentence: "the National Forest Reservation Commission and".

(6) Section 14, as amended, is repealed.

Mr. HUMPHREY. Amendment No. 2209 would authorize the Secretary to determine when and for what plans an environmental impact statement will be required, in addition to requiring the Secretary to insure that the plans are in accordance with the National Environmental Policy Act of 1969. It is essential, with the many levels and types of plans required in S. 3091, that the Secretary have statutory authority to prescribe in regulations when and for what plans the NEPA impact statement must be prepared. This provision will not enlarge or diminish the Forest Service's responsibilities under NEPA.

Amendment No. 2210 is a clarifying amendment. It will remove any possible confusion that may exist concerning the committee's intent that revisions in both present and future permits, contracts, and other instruments made pursuant to the act would be subject to valid existing rights. This amendment is necessary because it is important that the transition provision be clear and designed to prevent disruption of ongoing activities under valid existing rights.

Amendment No. 2211 is a technical amendment to accomplish the purpose of section 17(a) of S. 3091, the abolition of the National Forest Reservation Commission.

AMENDMENTS NOS. 2212 THROUGH 2216

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

Mr. RANDOLPH submitted five amendments intended to be proposed by him to the bill (S. 3091) to amend the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476) and the act of June 4, 1897 (30 Stat. 35).

ANNOUNCEMENT OF PUBLIC HEARINGS BEFORE THE ENERGY RESEARCH AND WATER RESOURCES SUBCOMMITTEE OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. CHURCH. Mr. President, I wish to announce for the information of the Senate and the public, the scheduling of a public hearing before the Energy Research and Water Resources Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for August 26, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding two bills which are presently before the subcommittee. The measures are: S. 3263, a bill to provide for consideration of the comparative productive potential of irrigable lands in determining nonexcess acreages under Federal reclamation laws; and H.R. 589, an act to authorize the Secretary of the Interior to provide relief to the Santa Ynez River Water Conservation District due to delivery of water to the Santa Ynez Indian Reservation lands.

For further information regarding the hearing, those interested may wish to contact Mr. Russ Brown of the subcommittee staff on extension 4–1076. Those wishing to testify or desiring to submit a written statement for the hearing record should contact the Energy Research and Water Resources Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C.

NOTICE OF HEARINGS AND BUSINESS MEETINGS

Mr. JACKSON. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

August 26: Energy Research and Water Resources Subcommittee, 10 a.m., room 3110, hearing. S. 3263, to provide for consideration of the comparative productive potential of irrigable lands in determining nonexcess acreages under Federal reclamation laws; H.R. 589, Santa Ynez Water Conservation District in California.

August 27: Environment and Land Resources Subcommittee, 10 a.m., room 3110, hearing. H.R. 9719 and S. 3468, payments in lieu of taxes legislation.

August 31: Energy Research and Water Resources Subcommittee, 10 a.m., room 3110, hearing. S. 3827, Allen Camp reclamation project; and S. 3712, authorizing the extension of the American Canal at El Paso, Tex.

NOTICE OF HEARING

Mr. CHURCH. Mr. President, the Senate Committee on Aging will conduct a hearing on "Improving Legal Representation for Older Americans" on August 30, 1976. The hearing will be held in Boston, Mass., at the Gardner Auditorium in the State House. The hearing will begin at 9:30 a.m.

Senator KENNEDY will preside at the hearing.

NOTICE ON HEARINGS ON MEDICAID FRAUD

Mr. MOSS. Mr. President, I am pleased to announce hearings by the Subcommittee on Long-Term Care to be held on August 30 and 31, in room 318 of the Russell Senate Office Building. At these hearings, we will announce the results of our recent 6-month investigation into fraud and abuse among practitioners participating in the medicaid program.

NOTICE OF HEARING

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, September 1, 1976, at 9:30 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations: Kenneth K. Hall, of West Virginia, to be U.S. circuit judge for the Fourth Circuit, vice John A. Field, retired; John T. Copenhaver, Jr., of West Virginia, to be U.S. district judge for the Southern District of West Virginia, vice Kenneth K. Hall.

Any persons desiring to offer testimony

in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. MCCLELLAN) and the Senator from Nebraska (Mr. HRUSKA).

ADDITIONAL STATEMENTS

MUTUAL BENEFIT LIFE'S SPONSORSHIP OF "THE GLORIOUS FOURTH"

Mr. WILLIAMS. Mr. President, on July 4, the National Broadcasting Co. presented day-long coverage of Americans celebrating our Nation's Bicentennial. The Mutual Benefit Life Insurance Co., whose headquarters are located in Newark, N.J., was sole sponsor of an 8-hour segment of that programing, called, "The Glorious Fourth," and as its birthday gift to America, refrained from any commercial sales pitch. Instead, the company presented a series of messages called, "Americans on America."

"Americans on America" was an unqualified success as a tribute to our great country and its citizens. It has deservedly received widespread acclaim in all of the major newspapers. Millions of people throughout the land watched as six persons, each in different sections of the country and different walks of life, told in their own words, what they thought was right about America and about their homes. Without being trite or contrived, it was both patriotic and inspiring.

The six Americans were William C. Unbreit, Jr., a wood sculptor from Hampton, N.J., Dr. Katherine Rodgers, a pediatrician from San Antonio, Tex., Tom Coffey, a newspaper editor from Savannah, Ga., Sam Mc Daniels, the chief grip on a cable car from San Francisco, Calif., Carl Johanningsmayer, a dairy farmer from Edwardsport, Ind., and Willard Nickerson, the owner of a fish market from Chatham, Mass.

In speaking of the company's sponsorship of "The Glorious Fourth," Dr. Robert V. Van Fossan, the president of Mutual Benefit, said that rather than broadcasting sales messages, or even commercially oriented institutional messages—

in keeping with our own strong beliefs about the character of this day and the entire Bicentennial celebration, we will concentrate our message solely on the greatness of America and its people.

Americans who watch TV, and for that matter all Americans are conscious of the extensive problems and difficulties which challenge our country today. Some are troubled by these things to the extent that they cannot get fully enthused about the Bicentennial, or its importance.

But we at Mutual Benefit believe that the Bicentennial can best be appreciated and understood in the light of the very problems which might now discourage us. When our Nation was founded there were massive problems and difficulties facing the Americans of that day. The American Revolution was not a festival. It was a grim event which resulted in deep hardship and tragedy for many. There was discouragement then, too, along with desperation, despair and often death.

Mutual Benefit Life's role in helping to make the United States 200th birthday a glorious occasion was a meaningful addition to our national celebration and I would like to express my appreciation for their efforts.

CLOSING THE GAP

Mr. THURMOND. Mr. President, recently, Secretary of Health, Education, and Welfare David Mathews announced a number of reforms in the methods by which his Department develops and issues its regulations.

I have written to Secretary Mathews and congratulated him on these initiatives. I have also written to the President to let him know of my strong support for the type of reforms Dr. Mathews is endeavoring to bring about at HEW.

As for the rulemaking changes he is attempting to bring about at HEW, I think this process has long been in need of reform at every Federal agency. Accordingly, I asked the President to strongly consider issuing directives to all Federal agencies to undertake immediately a similar review and reform of their regulatory procedures.

Regulatory reform is an issue which deserves the immediate and undivided attention of Congress, as well as the executive branch. We would do well to take our lead from the initiatives sponsored by Dr. Mathews. These steps are greatly needed to involve more people in the government process, to restore faith in the Federal Government, and to insure that the U.S. Government is truly a servant of the people.

Mr. President, Dr. Mathews announced these initiatives on July 25, 1976, and I believe that they merit the attention of the Congress. Accordingly, I ask unanimous consent that they appear at the end of my remarks in the RECORD.

Fortunately, this effort has not gone unnoticed in the news media. The Houston Post, in a lucid and forthright editorial dated August 10, 1976, analyzed the effect of the Mathews initiative in an editorial entitled "Closing the Gap." The Post editorial makes two points which I think are particularly important. First, they commend Dr. Mathews for his belief that regulations should be written in plain English, not gobbledygook. Second, the Post editorial points out that the Mathews program is a modest beginning, and that HEW is a good place to begin.

Mr. President, this editorial reinforces the view that we need to do something about Government overregulation. It is a timely analysis which deserves the attention of the Congress.

Mr. President, I ask unanimous consent that the excellent editorial from the August 10, 1976, edition of the Houston Post entitled "Closing the Gap," be printed in the RECORD.

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

HEW NEWS

HEW Secretary David Mathews today instituted sweeping reforms in the way the Department develops and issues its regulations.

Most extreme of these is the requirement for HEW to consult broad segments of the public before it puts pen to paper in preparing controversial regulations mandated by Congressional action or compelling administrative need.

"For far too long HEW has gone to the public in these situations only to tell them what it intends to do. From now on our first step will be to ask the people of this country what they think we should do," Secretary Mathews said.

The Secretary believes strongly that the regulations process is HEW's most intrusive channel into people's lives. He considers it as powerful in terms of human impact as the Department's $128 billion budget or its 135,000 employees.

This undergirds his view that HEW has an unequivocal obligation to seek maximum citizen participation in the development of regulations which significantly affect people and institutions.

Reform of the regulations process has been Secretary Mathews' highest priority since he assumed office last August.

"Under the previous system," he said, "when the need for a regulation arose, the Department consulted largely with the groups having a special interest in a given program and then proposed a regulation which often reflected their common preconceptions. The public at large was shut out of the process.

"Effective today, HEW will open the process by framing the issues for the public and laying out available options. Once these are on the table, we will work to stimulate the widest possible public discussion.

"We will not put forward a major proposal until the people affected by it have had their say," Secretary Mathews said.

Departmental communication with the public will be through town hall-type meetings, advertisements, public service announcements, news releases, professional and service organizations, mailings, the Federal Register, and HEW's 10 regional offices.

Following are the steps to be taken by HEW in drafting its most important regulations:

1. Preparation of a regulation implementation plan by HEW agencies which identifies issues and options for the Secretary. This plan must receive Secretarial approval before further action can be taken.

2. Publication of a Notice of Intent to propose regulations which places issues and options before the public and invites comment. If the Department has a preference, it will be stated clearly at the outset. Like the regulation implementation plan, this is an innovation.

3. Evaluation of public comment.

4. Publication of a Notice of Proposed Rule Making—this is a proposed regulation—which takes into account the requirements of the law, Congressional intent, the public's views, and the professional expertise of HEW.

5. Evaluation of the second round of public comment.

6. Publication of a final regulation.

The Mathews' reforms insist on feedback to the public on the scope and nature of their comments. Feedback will be included in both proposed and final regulations.

The public normally will have 45 days to comment following publication of both HEW's intent to regulate and its proposed regulations. Each of these documents will include the name of a person in HEW who can be contacted for clarification or further information.

Other parts of the reform package call for:

Training sessions for Department regulations writers so that regulations are written in clear, concise English.

Review of regulations to determine if they are, in fact, doing what was intended.

Modification of regulations which impose

too numerous or needlessly complex requirements on program administrators. (For example, a special task force is now at work in HEW simplifying the Medicaid regulations.)

Secretary Mathews also announced nullification of directives which prohibited the Department from distributing proposed regulations before they were published in the Federal Register. At the discretion of HEW agency heads, these now may be made available, but with the proviso that their availability be made known to the public at large.

[From the Houston Post, Aug. 10, 1976]

CLOSING THE GAP

Tired of the federal bureaucracy making rules that reflect small knowledge of the activities to which they apply? Fed up with regulations whose language is so confusing it defies a battery of Washington lawyers? So is David Mathews, the secretary of Health, Education and Welfare, who is determined to do something about it.

Mathews has had what amounts to a fetish about federal rule-making since he became HEW secretary last year. He insists that regulations be sound and that they be written in plain English, not gobbledygook. His department hasn't always lived up to the high standards he has set for it, but each failure seems to strengthen his determination to improve the product.

Mathews' latest attack on the problem comes hard on the heels of a controversial HEW ruling (subsequently suspended) that public schools risk loss of federal funds by sponsoring father-son and mother-daughter social functions in violation of federal anti-sex-discrimination laws. The secretary's new program has a dual objective: To encourage broader public participation in making major HEW rules and to train the department's staff to write more clearly.

In the past HEW has consulted largely with those directly affected by specific regulations. But in the future the department will use a two-step approach. First, it will publish a "notice of intent" to issue a significant set of regulations. The notice will lay out the issues involved, the options available and the department's views. The public will be given 45 days to cemment and Mathews says HEW will try to stimulate public response through advertisements, public forums and other means. The information gathered during this period will be considered in drafting a set of proposed regulations.

Step 2 in the new rule-making process will include publication of the regulations, followed by a second comment period, after which the rules will be issued in final form. Summaries of public reaction will accompany both the preliminary and final versions of the regulations. To improve the clarity of HEW rules, the department's 1,000 writers of regulations will attend sessions on writing plain, concise English.

Mathers' new program is a modest, sensible effort to breach the barrier that separates the citizen from the giant, monolithic federal bureaucracy. HEW is a good place to begin closing the gap between us and our government. It administers Social Security, welfare, Medicare and aid to education—programs that touch in the lives of most Americans. This search for consensus in making public policy could lessen our resentment of big government by giving us a stronger voice in it. And, incidently, it might keep the government from putting its foot in its mouth.

OIL DIVESTITURE

Mr. TALMADGE. Mr. President, there appeared in the summer issue of Dixie Business magazine, edited and published by Hubert Lee of Decatur, Ga., an article on the issue of oil divestiture.

I bring this article to the attention of the Senate, and ask unanimous consent that it be printed in the RECORD.

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

BREAKING UP THE BIG OIL COMPANIES—DEKALB BOARD OPPOSES VERTICAL DIVESTITURE BILL

The DeKalb Chamber of Commerce, Decatur, Georgia, where I edit Dixie Business, has passed a resolution opposing Congressional attempts to break up the nation's large oil companies.

I was in Ranger, Texas, in 1919 during the oil boom and 50 years later in 1969, I returned and found that the only oil the natives there knew about was in the filling stations.

So I tear out pages from the Congressional Record, magazines and newspapers having to do with oil and other subjects I would like to pose as an authority on.

Senator Herman Talmadge addressed the Atlanta Rotary in Atlanta April 26, 1976. Reported: "Senator Talmadge does not believe that Government can run an industry as well as private enterprise. He would attempt to employ a private enterprise to run our decrepit post office. He cannot understand how intelligent Senators could conceive of breaking up our great oil companies.

Harold J. Haynes, Chairman of Standard Oil Co. of California, said:

"At this moment in Congress, a number of proposals are being considered that would dismantle the very type of industrial organizations that help make it possible for every citizen to own an automobile, to have a well-heated home, and to enjoy a steadily increasing standard of living.

"The oil industry is one of the most competitive basic industries in America, with more than 10,000 companies involved in oil and gas exploration and production.

"More than 130 companies compete in refining petroleum products and there are more than 15,000 wholesalers, and 190,000 service stations. Ninety-five per cent of these retail stations are operated by independent dealers.

"Petroleum is one of the least concentrates and most competitive of any major U.S. Industry.

"The entire premise of this divestiture legislation is based on incorrect claims."

Sen. Clifford P. Hansen, Wyoming, told the Senate that "Editorial comment around the country has been solidly against breaking up the oil companies" . . . and inserted editorials:

Louisville Courier-Journal: "its merits needs more examination than the advocates of this proposal have been willing to give it . . ."

Hartford Times: "The effort is so laughable that the initial inclination is to ignore the ranting of petty demogoguery . . ."

Salt Lake City Desert News: ". . . instead of trying to break up oil companies, the government should get on with the job of formulating a rational and comprehensive national energy policy . . ."

Washington Post: "How many of those who push trustbusting solutions of this primitive sort to the baffling issue of oil industry competition really believe in them? . . ."

Denver Post: "This is bad legislation . . . too hastily drawn . . ."

Houston Chronicle: "The entire basis of this attack is political and emotional. There are no facts . . ."

Arizona Republic: Breaking up the oil companies would be a national disaster . . . The industry demands bigness . . ."

[From the Wall Street Journal, Mar. 15, 1976]

DIVESTITURE IS DEAD

Where does Jimmy Carter stand on divestiture? Remember the Iowa caucuses, where Mr. Carter cleaned up, the very first sign that he was a genuine contender? Prior to the caucuses, the Energy Action Committee financed by movie actors Paul Newman and Robert Redford asked all the candidates what to do about Big Oil. "Break it up," the liberals answered. But Mr. Carter, who refused to answer the query, took out an ad to explain he didn't like the way the questionnaire was worded. He said he supported some restraints on the industry, but said he didn't want to do anything to limit production or increase consumer prices.

THE TEAMSTERS UNION AND ORGANIZED CRIME

Mr. GRIFFIN. Mr. President, it has been over a year since James R. Hoffa, former president of the Teamsters' Union failed to keep a luncheon appointment at a suburban Detroit restaurant. His disappearance remains a mystery, despite a massive investigation by the Justice Department which has utilized all of the tools at its disposal. There have been numerous predictions that a solution is close at hand; but at this point in time the mystery remains unsolved.

Of course, it is essential that the person or persons responsible be brought to justice. "What happened to Jimmy Hoffa and who was responsible?" are important questions. Even more important, I suggest, is the question: "Why did it happen?"

Recently, the Detroit News published a series of articles entitled "Inside the Mafia." The first in the series detailed ties between Hoffa and Detroit's underworld in the early 1960's, during a period when Hoffa headed the Nation's most powerful labor union.

Months ago, on November 18, 1975, I introduced Senate Resolution 302. It seeks to establish a Senate Select Committee—like the McClellan Committee of the 1950's—to conduct a comprehensive, in-depth investigation of widespread allegations of corruption in the labor-management relations field, particularly with respect to the Teamsters Union. Unfortunately, the resolution still rests on the Senate Calendar and has not been taken up or considered.

Certainly, the recent Detroit News article offers additional convincing evidence, if further evidence were needed, of the links between some Teamsters Union officials and the underworld.

Mr. President, I ask unanimous consent that the Detroit News article be printed in the RECORD—and I again urge my colleagues to join in support of Senate Resolution 302.

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

[From the Detroit Sunday News, Aug. 1, 1976]

TAPES TIE MOB TO HOFFA PLOT

(By Seth Kantor, Robert Pavich, and Michael Wendland)

WASHINGTON.—As long ago as 1966, the Mafia schemed to abduct Teamster boss James R. Hoffa, according to a secret transcript of an FBI "bug" of gangleader Anthony "Tony Jack" Giacalone.

The plan to "grab that Jimmy Hoffa"—proposed by Detroit Mafia czar Anthony "Tony Z" Zerilli—was dropped, however, after Giacalone defended Hoffa as "our connection" with the Teamsters' multi-million-dollar pension fund.

Ironically, Giacalone today is a prime sus-

pect in Hoffa's year-old disappearance and presumed murder.

The transcript of the so called "Giacalone Tapes," made between 1961–64, documents the close—but often exploitive—relationship between the mob and the Teamsters.

Containing thousands of pages, the transcript is comprised of Mafia conversations picked up by a listening device installed in Detroit offices of the Home Juice Co., 6431 Palmer, a fruit juice distributing firm then owned by Giacalone and his younger brother, Vito "Billy Jack" Giacalone.

The Giacalones have no present interest in the company which, according to law enforcement officials, is now run by reputable businessmen.

Also "bugged"—from early March through mid-October of 1963—was the apartment of the late Sylvia Paris, girl-friend of Anthony Giacalone and the mother of Charles "Chuckie" O'Brien, again a central figure in the investigation of the Hoffa case.

The transcript is studded with profanity and vulgarities which appear to be a trademark of intimate conversations between mob members.

Frequently the Giacalones laughed about their knowledge that their telephones were tapped. Never did they mention the possibility of an office bug although, perhaps from an instinctive inclination to security, they at times lapsed into conversation described by the FBI as Italian, or turned on music which fouled the efforts of listeners.

The text is replete with talk of murder, the mixture of legitimate and illegitimate mob business and bribery of policemen and judges.

Many of those named and discussed are dead or retired from the public scene. Others remain on FBI lists of Mafia operatives. And, throughout, there are discussions from a decade ago of matters still intriguing to police and congressional investigators, specifically the relationship between the mob and the powerful Teamsters union.

Jimmy Hoffa's closeness to the mobsters was equalled, according to the transcript, by the Mafia's relations with O'Brien.

The name of Frank Fitzsimmons, current Teamster president, repeatedly appears as a Giacalone friend, and there are discussions of their relationship with Allen Dorfman, a key figure in the operation of the Central States Teamsters pension fund, which also is a current focal point of congressional investigation.

Although the transcript has been referred to in at least two federal cases, it has never been made public.

Most recently, existence of the transcript became a matter of court record two months ago when lawyers for Anthony Giacalone asked Federal Judge Damon Keith in Detroit whether he had considered the transcript in determining a sentence on Giacalone following his conviction for income tax fraud. The judge said he had not, and then sentenced the Mafia leader to 10 years in a Federal penitentiary.

Giacalone, who is appealing the sentence, is free on bond.

The significance of the 12-year-old transcript, however, is the insight it has provided law enforcers on the daily operations of the mob.

Through the electronic surveillance, the FBI was able to listen as virtually every major underworld figure in Michigan discussed Mafia organization and operations, murder plots, police bribery, clandestine business dealings and Teamster loans.

The transcript vividly portrays the underlying treachery of the mob.

For example, even as the Giacalone brothers were accepting Hoffa's help in paying off a judge to dismiss police bribery charges against Tony Jack, the transcript shows they were making secret plans to get Hoffa's wife, Josephine, drunk and loot the Teamster leader's Washington apartment while Hoffa was out of town.

This particular plan apparently did not work.

But perhaps the most startling revelation deals with the once-considered plan to "grab" Hoffa.

Just why Mafia chieftain Zerilli wanted to abduct Hoffa is unclear in the transcript, although at the time Hoffa was facing a number of Federal charges that conceiveably could have jeopardized underworld ties with the Teamsters.

Concerning the incident, an FBI agent wrote a summary of a monitored conversation between the Giacalone brothers, dated Nov. 27, 1963. (In the following material the *sic* designation indicates spelling is correct.) Quoting Anthony Giacalone, the summary of the conversation reads:

"Tony comments that Tony Zerilli is the type of guy who doesn't know what he's doing half the time. Tony Z made the remark that he thought that they should 'grab that Jimmy Hoffa.' I said Jimmy Hoffa is the type of guy you can't bulldog. Number one, they'd never get in. Number two, I said whose connections do you think are keeping me out of jail, this is our connection? (sic)

"No, I said I just come from the man, I was in Washington with him; I said the man, when he tells me, you go ahead and tell me when to come in I will take the plane and go (anywhere) he says, for me.

Three, if Oona (sic) has got those intentions . . . (foreign language) . . . but as far as me, I could never do this to him. I said this is the wrong guy.

"Mike Polizzi (a mob cohort now serving time in a federal prison with Zerilli for conspiring to obtain a hidden interest in a Las Vegas gambling casino) said that he would never have gotten his loan of $630,000 (sic) without Jimmy, Mike said Tony G got this for me through Sylvia. Mike said he could have never gotten this loan from nobody, and he wanted to pay 10 percent. Mike said that Jimmy Hoffa had to put his stamp on it in order to fore (sic) these guys to give it to him. Hoffa took a shot with it.

"Mike said that we need this guy, for instance. (Tony repeating what Mike Polizzi told Zerilli et al) say we get something that looks good and we present it to him. He said this guy is in a position to loan us money on what we want. Tony says that he agreed with Mike."

Some three weeks before the talk of grabbing Hoffa, Giacalone had met with Hoffa and, according to the transcript, secured the Teamster boss help in paying a Detroit Recorder's Court judge $10,000 to "fix" a police bribery charge against Giacalone.

The "Giacalone tapes" outline a close, almost daily, contact with Hoffa. The conduit, or pipeline, between the mob and the Teamsters was Sylvia Paris, Giacalone's friend.

Mrs. Paris, a divorcee, was a traveling companion and friend of Mrs. Hoffa. She lived with Mrs. Hoffa while Hoffa was away from home on union affairs. Mrs. Paris' son, Charles "Chuckie" O'Brien, was raised as a member of the Hoffa family with the Hoffa children, James P. and Barbara.

"Sylvia is the only person . . . that can handle Jimmy Hoffa . . .," Giacalone once bragged to a Mafia associate.

The transcript shows Giacalone was in contact with Mrs. Paris daily and that nearly each and every move Hoffa made was reported to the mob.

Besides helping Giacalone and his friends arrange for Teamster loans, Mrs. Paris also was described in the transcript as a conspirator with the Giacalone brothers to loot Hoffa's Washington safe.

The plan involved visiting Josephine Hoffa in Washington while her husband was out of town.

"While you're in there (the Hoffa apartment) I'll go cabareting with her (Josephine) for a couple of hours," Vito Giacalone proposed to his brother on Nov. 4, 1963.

"You don't have to go cabareting, drink right there," the transcript quotes Anthony as replying.

"Yeah, knock her out . . . knock her out. Leave the bottle in bed with her. That's better yet.

"Sylvia (Paris) says it's got to be that closet," said Anthony. "That's what I'm thinking of too. That's the only way I can figure of him having some big safe right in the closet."

The Giacalones discussed the possibility that the Hoffa safe might have an alarm and they worried that they might be caught breaking into it. But they decided the chance was worth taking.

Three days later, Anthony Giacalone flew to Washington to examine the apartment and to talk with Hoffa about Giacalone's police bribery case, then assigned to the late Joseph A. Gillis, Jr., a judge in Detroit's Recorder's Court during those years.

Back in Detroit the next day, Anthony Giacalone told his brother what occurred.

Upon arriving at the apartment with his attorney, Larry Burns, Giacalone said on the tapes he was greeted at the door by Josephine Hoffa. Soon thereafter, they went out to have dinner and drinks while waiting for Hoffa to return to Washington from New York.

Burns, according to Giacalone, became intoxicated and the trio returned to the apartment.

"Larry (Burns) is drunk on the couch," Giacalone related to his brother. "I want to look around . . . so, naturally, she shows me."

Giacalone said he was interrupted by the arrival of Hoffa.

"So we (Anthony Giacalone and Hoffa) were sitting down talking so . . . I said Jimmy, you know about my case. He says, Tony, I have been reading it in the paper . . . so then he says, what do you want me to do?

"I says, here's what I want you to do. You want to talk to (the late Recorder's Court judge) Gillis? He says, Gillis, when do you want me to? I'll go myself, right now . . . we can't talk on the phone. I said, that's right . . . later on . . . we'll tell you here's where the man is, you get ahold of him. He says, fine . . ."

In another conversation recorded Dec. 13, 1963, between Anthony Giacalone and Dominic "Fats" Corrado (later in the tapes identified as Menico), whom police identify as another mob administrator, Giacalone explained the outcome of the Hoffa contact with Judge Gillis.

"Jimmy told him like this: Listen Gillis, he says, I am concerned with Tony Giacalone's case . . . I don't want no conviction to come out of this here. I want you to throw it out . . . He (Gillis) says, I want $15,000 . . .

"He (Gillis) named his (expletive) price."

The deal worked out, Giacalone explained, was that Hoffa paid the judge $10,000 on the spot, with the balance to be paid when the Giacalone case yas officially dismissed.

Six days later, Giacalone's lawyer, Burns, appeared in court before Judge Gillis with a motion to dismiss the charges.

There were numerous attempts by the defense after that to scuttle the bribery case against Giacalone. Gillis eventually refused to grant the dismissal motions, but granted the first in a series of delays which stalled the case for three years. Over that period, six judges handled the case:

In the spring of 1966, Giacalone finally was acquitted by a jury after a trial presided over by then Recorder's Judge Vincent J. Brennan. Brennan currently is a Michigan Appeals Court judge.

The crucial moment in the case came when a key police witness testified that he had lied on the witness stand about where he had transcribed his notes on the case. This smashed the prosecution's hopes for a conviction of the racketeer.

But Hoffa's help had its price

"I've done you a favor; I'd like a favor of you," Giacalone quoted Hoffa as stating on Dec. 13, 1963.

Like Giacalone, Hoffa at the time had his legal problems, chiefly a jury-tampering charge in Nashville, Tenn., where he eventually was convicted and sent to prison.

Hoffa, according to the tapes, wanted the then 45-year-old Giacalone, a Mafia enforcer who ran the mobs gambling and loan-sharking activities, to "talk to" Larry Campbell, a Teamster business agent and co-defendant in the jury-tampering case whom Hoffa felt was working against him.

But Giacalone balked at muscling Campbell because he was afraid that "if we mess up this guy," his (Giacalone's) own police bribery case might be jeopardized.

But regularly, the mob discussed definite uses for Hoffa. On Dec. 13, Giacalone told his brother that Joseph Zerilli, the aging patriarch of the Detroit mob who, in semi-retirement, had turned over the daily operation to his son, Anthony, wanted a "set-down" meeting to discuss how Hoffa could be better "used."

Giacalone cautioned him, however, about pushing too much. According to the transcript, Giacalone said he told Zerilli:

"With Jimmy Hoffa, we'll take one step at a time. Not now, we'll go according to see what's what. How the picture looks. How to let him know, just what we were talking about, what can get in with him. We'd like to go with him, you know.

"I said, let's take one step at a time and see what happens. He says, what do you think? I says, I told you before I'm in favor of it, we got to do it in a diplomatic way. So our buddy, Menico (Corrado), you know, he's a good guy, he's used us. I says, hey buddy, he'll (Hoffa) use me, he'll use you, he'll use everybody, in the meantime, he's all through the (expletive) country and making millions of dollars with this guy, they're using him too, ain't they.

"They're using us and we're not making no (expletive) money, I told him. Here's your difference here. He says, yeah, yeah. So he must have heard Vince say, well Jimmy Hoffa this and that. I says, listen, they ain't nobody sharp enough for Jimmy Hoffa. In this town or any other town. He's going to use everybody, every SOB in the world."

The Hoffa-Giacalone friendship did indeed blossom.

On Dec. 18, 1963, Hoffa sent 14-carat gold money clips and cigaret lighters to the Giacalones as Christmas presents. When Josephine was a patient in Detroit's Grace Hospital in March of 1964, Anthony Giacalone had one of his errand boys deliver specially-made Greek lunches and whiskey to her room each day. Hoffa, too, apparently reaped financial rewards from his dealings with Giacalone. One such deal referred to in the transcript involved a $60,000 kickback paid on a $600,000 insurance claim. The tapes do not detail what the "deal" entailed.

But Anthony Giacalone was overheard on March 3, 1964, outlining that Hoffa was to get $30,000, Sylvia Paris was to get $15,000 and the remaining $15,000 was to be divided between the Giacalone brothers and their mob associates.

Giacalone wasn't particularily pleased at the deal, grousing that he figured to get more than $1,500 as his share.

The Giacalones also were on a first-name basis with present Teamsters president, Frank Fitzsimmons, who then was Hoffa's number two man, and Anthony "Tony Pro" Provenzano, an East Coast Teamster official also linked with Hoffa's 1975 disappearance.

Through Hoffa, the Detroit mob was trying to gain a foothold into gambling in Las Vegas. Hoffa, whose union was lending tens of millions of dollars to casino operators, referred mobsters to various Vegas connections.

One such referral was transcribed by agents on Dec. 31, 1963, when Hoffa spoke to Anthony Giacalone over the telephone. Because the bug was in the Giacalone office and not on the telephone, Hoffa's end of the conversation is not on the tape.

After the conversation, Anthony Giacalone filled in his brother on the call.

"That was Jimmy Hoffa who called and he told me that this guy is waiting for a call. From the Las Vegas. This here (Jay) Sarno. (Hoffa) talked to him," said Giacalone.

Jay Sarno is now the operator of the huge Circus-Circus casino on the Las Vegas strip, a venture financed largely by Teamsters' loans.

"He (Hoffa) told him (Sarno) that somebody would like to talk to him. I told Hoffa last night what we wanted, now he must have talked to this guy (Sarno).

"Hoffa talked to him already, that these people in Detroit are going to get ahold of you. Except I told him (Hoffa) that Tony Zerilli will be the guy to talk to him (Sarno). He (Hoffa) said, get ahold of him (Zerilli), the man is waiting for your call."

Vito noted that whatever deal the mob was trying to set up was contingent upon "the loan."

"They (the Teamsters) got to give it to him, Billy, $10-million. He (Hoffa) just okay'ed it."

It is unclear from the transcript how helpful Hoffa's referrals to various Las Vegas gamblers were. However, Anthony Zerilli was convicted in 1975 of conspiring to obtain a hidden interest in the Frontier Hotel in Las Vegas and is now serving a 14-month federal sentence.

It was during Zerilli's trial on the hidden ownership case that existence of the FBI's so-called "Giacalone Tapes" first came up.

Federal prosecutors hinted they would introduce the transcripts as evidence after Zerilli testified that he had no organized crime ties.

For unknown reasons, however, the transcript was not introduced.

The close communication between the mob and Frank Fitzsimmons is also shown in the transcript.

On Feb. 24, 1964, a Giacalone friend went to Anthony to complain that the Teamster union wanted to audit the books of his trucking company, primarily because the trucker had lowered his rates to retain a large account.

Giacalone, the transcript shows, told the friend he thought he could "fix it up." He telephoned Fitzsimmons.

Again, only Giacalone's side of the conversation was recorded.

"Tony calling. Let me talk to him, will you please, miss. Alright. What do you say, Fitz, how are you? Okay. Listen, I have a man here that I was born and raised with you know. No, no, no. In here . . . this man here, he's trying to make a living . . . (and a Teamsters representative) would like to go through my friend's books.

"What the (expletive) is he (the Teamster representative) supposed to be, the government? Uh? I'll see you personally when you come back. Now in the meantime, I'll give you the name of the company. (Giacalone spells out the name of his friend's trucking firm.) Alright, give him (the union representative) a call and tell him to sit tight till you come back and then we'll sit down with him.

"Just tell him that I would like to sit down with him when you come back. Alright? Okay.

Giacalone's friend was recorded as saying, "thanks Tony very much; if I hear anybody say anything bad about you, I'll kill them."

But despite the apparent friendship and favors extended by the union, the Giacalone brothers did not give up their plan to loot the safe in Hoffa's Washington apartment, the transcript shows.

On Feb. 7, 1964, Anthony Giacalone and his brother worked out a new plan. The tapes quote him as saying:

"Now the way it looks, what we got to do . . . Josephine goes back to Washington. I'll send Sylvia (Paris) there . . . we got to make a trip to wine and dine her (expletive), look ourselves . . . Italian . . . we work it this way.

"Now you can go down there and she wants to zoop it up. Fine, you make her zoop it up . . . now when she is zooped up . . . why don't you go down there and have a couple of cocktails and I'll be down there."

Billy—"And then you putz around upstairs."

Tony—"Right. Understand? then we will work it that way."

On Feb. 25, 1964, the transcript shows, Anthony told his brother that they would "have Sylvia in Florida to advise them of the movements of Jimmy and Josephine Hoffa."

Somehow the Giacalones apparently discovered the serial number of the Hoffa safe. On Tuesday, Feb. 25, 1964, Anthony Giacalone is quoted in the transcript as declaring:

"Yesterday I had Shrieky (a mob associate) go to that safe company." The FBI then summarized Giacalone's statements as follows:

"Tony says that if they got a key made they wouldn't have to worry about the door jamming or anything like that. That's why he told Shrieky to go over there but they couldn't get a key without the initial. There was no initial on the serial number, the only thing was this here 48311.

"Shrieky gave the story that his wife is a sick woman and she lost the key but he had no initial. Then the guy started getting too personal. I said, Shriek, don't park your car near the joint, park it two blocks away and walk there. You know, they could take the license number and remember this guy came in for a key. So they didn't give it to him.

"So I said (expletive), they (Sylvia Paris and Josephine Hoffa) are going to come in Wednesday morning (and) I'll make arrangements and I'll go out there."

Exactly what happened next is unclear in the transcript although, on April 23, 1964, the Giacalones held a brief discussion that indicated Anthony did steal some money from the Hoffa apartment, but not from the safe.

The summary of their conversation about the matter notes:

"Tony said he was in the bedroom and Billy asks if he made a mess there. Tony says no, but he had only one shot at it, so he took the money that was right there. Tony says it was cast iron. Tony also says he didn't have a flashlight, so she (Sylvia Paris?) went and got one, but he couldn't get any more and there was someone outside the door, so he didn't want to push his luck."

CHEYENNE PEACE CORPS VOLUNTEER GIVES TECHNICAL AID TO FARMERS IN PARAGUAY

Mr. McGEE. Mr. President, given the facts that Wyoming is one of the country's leading agricultural States and the University of Wyoming has one of the finest agricultural programs in higher education circles, it is pleasing and

proper that a product of the State and the university is passing on his knowledge and expertise to people in need of such basic information as to how to grow a garden.

James Pry of Cheyenne, Wyo., is that individual and the Peace Corps is the program enabling him to do so. As you will note in a press release from ACTION, Mr. Pry is serving his country in Paraguay—from the ground up.

Mr. President, I ask unanimous consent that this news release, "Cheyenne Peace Corps Volunteer Gives Technical Aid to Farmers in Paraguay," be printed in the RECORD.

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

CHEYENNE PEACE CORPS VOLUNTEER GIVES TECHNICAL AID TO FARMERS IN PARAGUAY

Cheyenne, Wyoming's James Pry, a Peace Corps volunteer in Paraguay, calls himself a "roaming ambassador."

"My office is my suitcase," explains Pry, who serves in a crop extension program in the South American country. On a typical day, Pry, 25, walks five to 10 miles, providing four or five farmers with technical advice on their crops and animals.

The volunteer trains farmers to plant new crops, to improve their traditional crops and grow gardens. He also has given them technical assistance in the construction of fish tanks.

"These programs," he says, "have lasting value because they increase the farmers' income and improve the diet of their families."

Pry, the son of Mr. and Mrs. Daniel J. Pry, of Box 20, Little Bear Rt., Cheyenne, graduated in 1973 from the University of Wyoming in Laramie with a degree in agronomy, the study of field crop production and management. While at the university, he was a member of the agriculture club, and since 1975 has been a member of the Wyoming Stockgrowers Association.

Before joining the Peace Corps in January, 1975, Pry farmed wheat and raised cattle and sheep. Now, in Paraguay, he lives in a small village and helps give technical assistance to some 9,000 people in the surrounding area.

"I enjoy a confidence with the people I work with," he says. "I had very little problem adjusting to the culture because the people are very friendly.

"The only adjustment," Pry notes, "was getting used to the lack of privacy. Everybody here knows what I am doing all the time."

Paraguay is a landlocked country in the heart of South America, surrounded by Argentina, Brazil and Bolivia. About the size of California, the country has population of 400,000, most of whom speak Spanish and an Indian language called Guarani.

Pry received training in both these languages from the Peace Corps, and says that he uses both in everyday living. "The most satisfying experience I have had," he says, "is talking to people about the cultural differences between our countries."

Pry studied Spanish in Costa Rica as part of a 12-week Peace Corps training program. While there, he says, he experienced his most embarrassing moment.

"One night when the electricity went out, the people I live with asked me to go to the neighbors and borrow a candle," he explains. "But in Spanish, candle and ladder sound the same and I though they had said ladder. So I came back with a ladder and they all laughed like crazy."

The Paraguayan people he works with are poor, but know how to enjoy themselves, he reports. "They know how to have a good time and dance like crazy," he says.

Pry is one of 65 Peace Corps volunteers in Paraguay serving in such areas as environmental sanitation, nurses' training, agricultural marketing cooperatives, the national credit cooperative organization and the agricultural extension program.

Worldwide, more than 6,200 Peace Corps volunteers and trainees currently serve in 69 developing countries around the world.

The Peace Corps is part of ACTION, the federal agency for volunteer service established in July, 1971 to administer volunteer programs at home and overseas. Mike Balzano is the director of ACTION.

THE SOVIET NAVY

Mr. TAFT. Mr. President, the ongoing debate about the Soviet naval challenge has tended to revolve around the ships of the Soviet fleet. Comparing United States and Soviet ships is indeed an important part of this debate, and, as I have attempted to point out, it can be a highly disturbing exercise. To offer one more point on that aspect of the debate, I ask unanimous consent that a UPI dispatch describing the new Soviet aircraft carrier, the *Kiev*, be printed in the RECORD at this point.

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

UPI DISPATCH—AUGUST 20, 1976

(By Robert Musel)

LONDON.—Naval scientists now have had a chance to evaluate photographs and visual information gathered on the shakedown cruise of the 40,000-ton Soviet aircraft carrier *Kiev*. The verdict: It is the most heavily armed surface vessel in the world.

It is no comfort to Western navies that at least four of the same type are under construction.

The *Kiev*, which recently sailed from the Black Sea through the Bosporus and on to the Atlantic, was described by the Russians as an "antisubmarine interceptor"—to circumvent the Montreux convention limiting the size of aircraft carriers allowed through the straits.

But this is only one of the wide variety of roles for which it was designed, according to New Scientist magazine.

The magazine says the ship lacks the electronic sophistication of American craft and crew facilities have had to take second place to machinery. But its mechanical engineering is impressive.

It is faster than its U.S. counterparts and is designed to operate in rougher seas. Every inch of deck and superstructure is crowded with armament or weapon control equipment.

Acording to New Scientist, the *Kiev* carries about 12 YAK36 V-STOL (vertical short take off and landing) fighter bombers. These have not been seen in the west before. They were photographed by the Royal Navy Frigate *Torquay*, which shadowed the Russian ship.

They are slightly larger than the British Harrier jets use by U.S. Marines, presumably for the same assignment—striking against shore targets in support of an amphibious landing.

They also are useful in defending the carrier and in attacking surface shipping.

The *Kiev* also carries more than 20 antisubmarine helicopters of the type known as KA25K as well as antisubmarine rockets that may be tipped with nuclear depth charges. Its other missiles including the SSN12, capable of flying 1,875 miles.

There also is formidable conventional gun armament.

"NATO used to rely on technological superiority to compensate for the Warsaw Pact's greater numbers," said New Scientist.

"Weapons systems such as the *Kiev* are tilting the balance all the time, however, and with Soviet defense spending put by some sources at $120 billion annually there is little doubt that the writing on the wall is in Cyrillic script."

Mr. TAFT. Mr. President, the high quality of Soviet warships is only one of the problems we face. Another is the increasingly competent manner in which the Soviets use their ships. The July 1976 issue of Naval Institute Proceedings contains an article on the latest worldwide Soviet naval exercise, Okean–75, which discusses the progress the Soviet Navy has made in employment of its ships. I strongly urge my colleagues to read this article, since it effectively dispells the notion that the Soviet can build ships, but not sail them.

Mr. President, I ask unanimous consent that the article from Naval Institute Proceedings on Okean–75 be printed in the RECORD.

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

OKEAN–75

(By Lt. Com. Bruce W. Watson, and Lt. Com. Margurite A. Walton, U.S. Navy)

The April 1975 worldwide Soviet naval exercise, called Okean–75, gave the U.S. Navy and other Western navies an excellent opportunity to observe at close hand just how far the Soviet Navy has progressed over the past two decades.

The Soviet Navy has expanded in a deliberate and precise fashion under the direction of Admiral of the Fleet of the Soviet Union Sergei Gorshkov, a man who has held the top position in the Soviet Navy for 20 years, survived major changes in government, and directed not only the growth but also the operational application of Soviet naval power. This growth has not been one or numbers but of capabilities. The Soviet Navy today has about as many ships as it did in 1956, although many of today's ships are much larger than their 1956 counterparts. The real change has been in a qualitative sense, not only of improvements to the ships, sensors, and weapon systems, but in the operational patterns of the Soviet Navy.

The most notable Soviet Naval exercise prior to 1975 was in April 1970 when the Soviet Union deployed over 200 ships and submarines in an evolution which it called its "first worldwide coordinated naval exercise . . . for testing and further improving the level of combat skill of the navy and operational preparedness of staffs." The 1970 exercise, also called Okean (ocean), employed many of the then recently developed weapon systems, ships, and aircraft, including the Moskva-class guided-missile helicopter ships, "Kresta"-class guided-missile cruisers, "Kanin"-class guided-missile destroyers, and the Il–38 "May" antisubmarine warfare aircraft. Although Okean–70 was described as "coordinated," a very stylized, pre-planned scenario was used, and the exercise more precisely demonstrated the four Soviet fleets' abilities to deploy and operate their separate elements under the coordination of Moscow.

Following Okean-70, the Soviets continued their extensive ship building program and deployed more modern naval platforms, including the "Kresta-II"- and "Kara"-class of guided-missile cruisers, the "Krivak"-class destroyer, the "Nanuchka"-class missile attack boat, and the "Delta"-class nuclear-powered ballistic missile submarine equipped with missiles having an estimated range of over 4,200 nautical miles. In addition, the U.S.S.R. has also concentrated on employing modern space technology, including elec-

tronic intelligence, active radar, and communications satellites, both for more efficient ocean surveillance of enemy forces and for coordinated command of its fleet elements.

During 1970–1975, the Soviet Navy conducted small-scale exercises within its home waters and waters adjacent to the U.S.S.R. Until 1973, these exercises centered on antiaircraft carrier warfare. After 1973, exercise emphasis switched more toward antisubmarine warfare and ocean surveillance. These exercises brought together modern ships carrying advanced weapons and innovative tactics, thus enabling the Soviets to test and evaluate new systems and concepts under relatively realistic combat conditions.

In early April 1975, approximately 220 ships, submarines, and naval associated units, representing the four fleets—North, Baltic, Black Sea, and Pacific—deployed from the Soviet Union. The majority of these elements participated in the exercise. The ships operated worldwide in major ocean areas and were supported by Soviet aircraft which, operating from airfields both within and outside the Soviet Union, flew approximately 700 sorties. The major areas of exercise activity included the Norwegian, Barents, and North seas, North Atlantic Ocean, Mediterranean Sea, and the Northwest Pacific Ocean. Some of the Soviet aircraft operating over the Indian Ocean and Mid-Atlantic Ocean utilized airfields in South Yemen (People's Democratic Republic of South Yemen [P.D.R.Y.]), Somalia, Guinea, and Cuba. Use of these airfields was realistic since contingents of naval aircraft fly to these countries periodically, and these facilities would probably be available to the Soviets in crisis situations.

The real significance of the exercise was neither in the numbers nor types of forces deployed, but in the missions which they fulfilled during the exercise's four phases: deployment, reconnaissance, strike, and termination.

Phase I: Deployment (1–14 April 1975)—Although official announcement of the exercise was first published in a 10 April Tass article. Soviet ships began deploying on 1 April 1975. During the two-week initial phase, approximately 100 ships deployed from all fleet areas to augment the approximately 120 ships and submarines routinely deployed beyond Soviet home waters. Eventually, the total force consisted of a dozen individual groups. In the Atlantic Ocean, Soviet ships were loated north of North Cape, Norway, northeast of Iceland, in the Greenland-Iceland-United Kingdom gap, southwest of the English Channel, in the North Sea and Baltic Sea approaches, and off the hump of Africa. Groups of Soviet ships also operated in the central Mediterranean Sea, in the Arabian Sea, east of Japan, in the Philippine and East China seas, and east of the Kamchatka peninsula.

As the surface and submarine units maneuvered into exercise positions, Tu–95 "Bear-D" long-range naval reconnaissance aircraft flew to Conakry, Guinea, and Havana, Cuba; Il–38 "May" antisubmarine warfare aircraft deployed to Hargeisa, Somalia; and An–12 "Cub" surveillance aircraft flew to Aden, South Yemen. This deployment pattern gave the Soviets excellent staging areas from which to conduct the next phase of the exercise.

Phase II: Reconnaissance (15–17 April 1975)—Coordinated activity by both reconnaissance and antisubmarine warfare aircraft and satellites, supported by surface ship and land-based sites, highlighted this phase. The surveillance aircraft appeared to have operated without prior knowledge of the location of the naval exercise forces, resulting in a more realistic test of surveillance capacity than that seen in previous exercises. The surveillance forces were apparently successful in locating and identifying most if not all designated "hostile" surface units prior to the commencement of Phase III. The seeming success of the coordinated reconnaissance effort indicates that the Soviets have a commendable ocean surveillance system.

Phase III: Strike (18–19 April 1975)—The commencement of simulated warfare inaugurated the third phase. On 17–18 April, coordinated simulated strikes were accomplished by both aircraft and antisubmarine warfare combatants, and the interdiction of commercial sea lines of communications was simulated. Prime targets included submarines, carrier task forces, other surface task forces, and convoy formations. After the initial strikes, a rapid simulated escalation of hostilities occurred, apparently culminating in nuclear warfare exercise activity on 19 April. Admiral Gorskhov and Defense Minister Grechko witnessed this phase of the exercise activity in the Barents Sea.

Phase IV: Termination (19–27 April 1975)—The final phase included the completion of exercise activity and the return of many units to local waters. A 27 April 1975 Soviet press release signaled the formal conclusion of the most ambitious Soviet naval exercise to date.

During Okean-75, the Soviets demonstrated many innovations, including a greatly expanded area of exercise play, coordinated surveillance of the various ocean areas, coordinated worldwide strike operations, more effective utilization of aircraft and submarines, increased emphasis on participation of merchant shipping assets, interest in the interdiction of sea lines of communications, and an emphasis on showing the Soviet flag.

Traditionally, Soviet naval exercises have concentrated on a 1,500 nautical mile "defense perimeter" around the Soviet Union. In *Okean*-75, however, many units operated well beyond this perimeter. The expanded exercise area shows Soviet appreciation for the changing capabilities of the Western navies and planning for early attrition of hostile forces on the high seas before potentially hostile forces can reach the primary Soviet defense zone. This tactic, if successful, increases the threat to NATO defensive and convoy operations, reduces the threat to Soviet land forces in Europe, and permits a smaller concentration of major surface units in the U.S.S.R.'s coastal waters. The recent deployments of such craft as the "Nanuchka"-class missile attack boat and the "Grisha"-class patrol escort may indicate that the Soviets will use these fast, heavily armed, ligt-weight craft in coastal areas, thus permitting more extensive deployments of heavier guided-missile destroyers and larger ships to the open sea.

The only exception to the general pattern of extending exercise activity over wider geographical areas occurred in the Mediterranean, where Soviet naval activity was minimal.

Perhaps political tensions in Mediterranean littoral countries, including unsettled situations in Cyprus and the Middle East, dictated that the Soviet Mediterranean Fleet maintain a low profile in the exercise. Alternatively, the Mediterranean exercise activity may have occurred before or after the more obvious phases of the exercise, as has been observed in previous exercises. At the beginning of the exercise there was a concentration of Soviet combatants in the Mediterranean, but a number of these ships departed for other exercise areas. The remaining ships conducted very limited operations, including barrier duties in the straits of Sicily and Gibraltar. The only other significant activity was that conducted by a modified "Sverdlov"-class command and control cruiser and supporting ships. These ships circumnavigated Sardina and Corsica from the south and west and returned to the eastern Mediterranean via the Tyrrhenian Sea where they possibly conducted an antiaircraft carrier warfare exercise.

The Soviets' ability to locate "enemy" forces during *Okean*-75 was impressive. Soviet reconnaissance aircraft flew several hundred missions during the exercise over the North Atlantic, Norwegian Sea, Indian Ocean, and Pacific Ocean. The Indian Ocean flights were significant in that they required overflight permission from Iran and Egypt and interim basing of Il–38 ASW aircraft and An–12 reconnaissance aircraft in Somalia and South Yemen. The Il–38s, flying from Somalia, conducted most of the Indian Ocean aerial reconnaissance activity and flew coordinated missions with two Tu–95 "Bear-D" aircraft, which flew over Iran from the Soviet Union, executed their missions, and returned nonstop to the Soviet Union. Additionally, the Soviets launched several reconnaissance satellites before and during the exercise, suggesting that aircraft reconnaissance and space reconnaissance activity were coordinated. Finally, more traditional surveillance also was conducted by surface ships and submarines.

The Soviets' capability for coordinating operational activity worldwide became increasingly apparent during Okean-75. This capability includes not only the previously discussed reconnaissance activity, but concerted surface, submarine, and air attacks as well. During the strike phase of the exercise, the Soviets carried out repeated simulated antishipping strikes against simulated task forces in the Atlantic and Pacific oceans and in the Norwegian Sea. The strikes were executed primarily by aircraft, but may well have been supported by, or coordinated with, submarine attacks. The near-simultaneous attacks in all areas indicated that strike forces were provided with very good locating data and effectively controlled and coordinated. The ability to accomplish worldwide simultaneous coordinated attacks is one of Admiral Gorshkov's prime objectives in the postulation of his stated concept of the overwhelming preemptive attack: "the battle for the first salvo."

In comparison to previous Soviet naval exercises, Okean-75 was unique in that increased priority seemingly was assigned to coordinated air and submarine attacks against surface shipping. This shift in emphasis could reflect a Soviet desire to exercise aircraft and submarines in an antishipping role and portend a greater use of aircraft and submarines against sea lines of communication than was the case in the past. The Soviets have sufficient inventories of aircraft and submarines capable of effective interdiction operations, and, as a result of the activity observed during Okean-75, it appears their mission almost certainly has been expanded.

As indicated by the large numbers of ASW-capable aircraft involved in the exercise and their apparent coordination with surface ASW ships, one of the prime missions of the Soviet Navy is clearly antisubmarine warfare. This activity shows the continuing Soviet concern over the NATO submarine threat—particularly the SSBN threat.

Demonstrating that Soviet sea power is not limited to its impressive modern navy but includes a vast maritime fleet—the world's fourth largest merchant fleet, the largest ocean-going fishing fleet, and the largest ocean research and survey fleet—Okean-75 included incidents aimed at testing the Soviet Navy's ability to protect the U.S.S.R.'s maritime assets. At least two of the known Soviet task forces had Soviet merchant ships deployed with them. Some of these ships possibly departed from foreign ports in order to join Soviet combatants at sea and participate in the exercise. This was the first Soviet major open ocean exercise in which operations to protect non-naval

ships were included. In the Norwegian Sea, at least seven merchant ships were observed in company with amphibious units, indicating the utilization of merchant ships as troop carriers and support ships for amphibious operations. Before this exercise, the only significant merchant-associated activity in naval operations observed beyond Soviet home waters had been non-military tanker support to combatants, and, in 1972, civilian assistance in submarine rescue operations. Okean-75 convoy operations were probably, in part, designed to exhibit a determination to protect the large and expanding merchant and fishing fleets which daily travel to diverse areas of the world.

Closely allied with the previously discussed expanded area of exercise play was the concentration of forces in the transit lanes of the major ocean areas including the Arabian Sea, the Indian Ocean, off the hump of Africa, the eastern North Atlantic, Strait of Gibraltar, and the South Asia/Pacific sea lanes. Effective Soviet interdiction operations in the Arabian Sea would deprive the United States and Western Europe of primary crude oil supplies from the Persian Gulf. Soviet forces operating off West Africa could not only interdict Middle East oil destined for Western Europe but possibly intercept ships transiting to defend this sea route or coming from the Indian Ocean to reinforce the Atlantic as well. Additionally, the West Africa patrol could attempt to sell the western approaches to Gibraltar. Soviet ships in the Bay of Biscay would be in position to attack convoy through France or through England. The Soviet Norwegian Sea and North Sea deployed naval units, while not lying along major transit lanes, could provide a deterrent to the Free World's utilization of the recent oil finds and oil production in those areas. The *Okean-75* convoy-type formations west of Portugal and east of Japan were probably designed to pit Soviet forces again "enemy" convoys as well as the previously mentioned exercise of naval control of its own shipping. As a result, the Soviets had the opportunity to erercise both mission. It is particularly significant that, in this era of world dependence on Middle East oil, the Soviets, for the first time, displayed an interest in exercising in the primary sea lanes from the Persian Gulf to Europe and from the Persian Gulf to Japan, as well as straddling the classic lanes from the United States to Western Europe. This is a manifestation of a major Soviet threat: the denial of vital raw materials and oil to the United States, Western Europe, and Japan and the interdiction of sea lanes between the United States and her NATO partners.

The Soviet naval presence off the west and east coasts of Africa may have implications in addition to the denial of sea lines of communication to Europe and the United States. Soviet visibility in this area may be designed to enhance Soviet influence in Africa and to diminish current Chinese (People's Republic of China) inroads in the continent. Soviet naval presence in the vicinity of Angola, in the Gulf of Guinea, and in Guinea in the winter of 1975–1976 vividly demonstrated this point. A large Soviet naval presence in these areas was a direct reversal of the former policy of maintaining the Soviet fleet within the established defense perimeter and underscores the growing Soviet interest in showing the flag in many areas of the world. The announcements publicizing the initial and final phases of the exercise also created interest in the Soviet Navy and helped the Soviets in establishing a firmer presence on the seas and in expanding their political and economic base.

Okean-75 vividly demonstrated the progress that the Soviet Navy has made in the first five years of this decade. In contrast to *Okean*-70, *Okean*-75 was a true worldwide exercise in which the capabilities of the most modern ships could be tested. The Soviets were also able to judge the degree to which those units have been integrated into the fleet.

This exercise, the Soviet Navy's most sophisticated to date, should not be viewed as the terminal point of the Soviet naval buildup for the last 20 years, but as an indication of progress made thus far. In 1970, many Western naval analysts described *Okean*-70 as the ultimate in Soviet naval development; however, in comparison with the 1975 exercise, it is readily apparent that Soviet naval capabilities in 1970 were modest indeed. As the *Kiev*-class aircraft carriers and other new classes of Soviet ships deploy, *Okean*-75 naval tactics will become dated and must yield to even more sophisticated doctrines. To this extent, *Okean*-75, like its 1970 predecessor, may impress the West as equally modest when *Okean*-80 has been reviewed.

In this light, we should anticipate further developments in Soviet ocean surveillance capabilities as they develop newer satellites and more precise air, surface, and subsurface detection systems. These developments will include a capability for increased coordination of existing and future detection systems. Additional developments in antisubmarine warfare, one of the Soviet Navy's critical problem areas, certainly will occur. The missions of naval aircraft and submarines will continue to expand and will probably include an even broader antishipping mission. Given expected continued expansion of the Soviet merchant and fishing fleets, the techniques employed to protect Soviet merchant shipping will be refined. And, as Soviet naval operations continue to spread out over the oceans of the world, all nations face an increasing threat that their shipping will be interdicted on the high seas.

Finally, employment (indeed, the *application*) of the Soviet Navy, in support of Soviet goals, particularly as an instrument of Soviet foreign policy, is sure to continue. The Soviets currently are pursuing a complex policy of gradually extending their influence over many third-world nations. As the Soviet Navy becomes larger, more powerful, better directed, and more widely deployed, it will serve to support worldwide Soviet political goals and pose an increasingly grave threat to the navies of the United States and our allies.

FARMERS TRAVEL A ROUGH ECONOMIC ROAD

Mr. NELSON. Mr. President, the economic history of the American farmer in this century is a simple story of boom and bust that poses a critical problem for American consumers if we do not soon develop an overall, long-range agricultural policy. Repeatedly, I have pointed out that the American family farmer has been subsidizing the American consumer at the cost of survival for the farmer. The history of this economic disaster in a brief form is set forth very well in an article by Erwin J. Benne, professor emeritus at Michigan State University, in the distinguished farm journal, Hoard's Dairyman, August 10, 1976, and I ask unanimous consent that it be printed in full in the RECORD at the end of my remarks.

Current farm legislation will expire in 1977 and the Congress will have an opportunity to devise a comprehensive agricultural policy to solve the problems of our family farmers and provide security for our consumers. I would hope that the Members of Congress who do not represent agricultural constituencies would read this brief history which so clearly describes the problems and the plight of the American men and women who produce our food and fiber.

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

FARMERS TRAVEL A ROUGH ECONOMIC ROAD

(By Erwin J. Benne)

(Booms, busts, depressions, and weather hazards have made the economic road traveled my American farmers the first three quarters of the 20th century a rough one.)

During the early part of this century, much of American agriculture was still in large measure subsistence farming. Except for steam-powered threshing rigs and use of stationary gasoline engines for small farm chores, horses and mules and human muscles furnished the power.

Feed for livestock and much of the family food was produced on the farm. Farm-butchered and home-procesed meats, vegetables from hand-tended gardens, and fruits from farm orchards were preserved and stored in many ingenius ways for years-around use.

Sale of surplus eggs from farm flocks of chickens and cream from hand-milked cows provided small amounts of spending money for farm families, but annual cash income for most of them were very low.

Money from the sale of low-priced grains and livestock was in many cases barely enough to pay taxes and interest on the ever-present farm mortgages.

The First World War began in 1914 and son engulfed almost all of Europe in the horrors and destruction of a large-scale war. This conflict ultimately exerted profound and long-lasting effects on farmers and agricultural production in America.

Due to the war's disruption of European agriculture, products from U.S. farms and ranches were in great demand and prices for them rose dramatically. Gross incomes rose substantially for fortunate farmers whose field crops yielded well and whose livestock flourishes; however, increases in labor, land, and operational costs limited profits.

There was an especially great demand for wheat. As an incentive to raise wheat, the federal government established a floor price that guaranted a minimum of $2 for every bushel that was produced.

In response to this pressure, many farmers expanded their operations and went into debt to buy more land and other essentials. Believing it to be a patriotic duty, many acres of grassland in the semiarid regions of the southwest were plowed up and planted to wheat, an unfortunate practice that later increased the severity of the "dust bowl" era.

The war ended in 1918, but the wartime boom prices for most agricultural products continued through 1919 and 1920. For the most part, farmers and their families were cheerful and optimistic. But all of this was soon to change, bringing bitter disappointments and changing optimism into pessimistc uncertainty.

The government floor price for wheat was still in effect, and the 1920 harvest was a bountiful one. But the very abundance of the harvest proved to be a detriment. Wheat threshed early soon filled local elevators and not enough railroad cars were available to move it quickly to larger terminals.

Unable to handle more, dealers quit buying; and many farmers were forced to store much of their wheat on the farm, often in makeshift storages. The government's guarantee of at least $2 per bushel expired during the summer, foreign demand for wheat was less than had been expected, and prices began to drift downward. By January of of 1921, it was obvious that the postwar boom was turning into a bust.

By February of 1921, the price paid farmers for wheat had dropped more than $1 per bushel since harvest time. The decline continued and eventually wheat sold locally for less than a dollar a bushel. Prices for other grains, livestock, cotton . . . in fact, those for all kinds of farm products suffered corresponding decreases, thus ushering in a disastrous, widespread depression in the agricultural sector.

MANY WENT BANKRUPT . . .

These severe losses in farmers' buying power had ruinous effects on farming communities. Unable to meet financial obligations, many farmers went bankrupt and lost their farms and other holdings to banks and lending institutions. Often the value of these properties did not equal debts owed, causing many banks and financial institutions to close their doors.

Stripped of their possessions and means of livelihood, many rural families were forced to move to cities and towns and seek employment there. Merchants, machinery dealers, and other businesses in farm towns, unable to sell to customers without buying power, likewise suffered losses and failures.

In retrospect, some writers are glamorizing the so-called "roaring 20's." However, they were certainly not glamorous for the American farmer who had nothing to roar about.

By early 1933, business was at a standstill; millions were unemployed; a third of the people in the nation were in need. Wheat was selling for 30 cents and corn for 15 cents per bushel, hogs for $3.50 per hundredweight, eggs for 10 cents per dozen, and all other farm products at similar give-away prices.

Farmers' costs of production exceeded incomes, their buying power was lost, and many were unable to meet financial obligations and became bankrupt. About half of the rural banks failed and closed their doors, thereby depriving farmers and rural businessmen of credit needed to continue operations.

At the urging of President Roosevelt and his advisors, Congress passed a public works bill to provide jobs for the needy and a farm bill designed to raise prices for agricultural products. The object of the latter bill was not primarily to benefit farmers, but to restore some incentive for them to produce enough foodstuff and fiber to feed and clothe the nation.

This farm legislation was based on the theory that, if agricultural products were in scarce supply, demand for them would raise prices and enable and encourage farmers to continue to produce. Scarcity was to be achieved by imposing rigid quotas limiting amounts of food and fiber each farmer could produce.

The press and other news media gave much hostile and exaggerated publicity to "plowing up fields of wheat and cotton and killing baby pigs." This brought cries of indignation from consumers, who failed to realize the program was intended to furnish them adequate supplies of food and clothing and not only to benefit farmers.

Actually, the program proved to be of only limited benefit to the small independent farmer. Limiting his production also limited his income which in many cases was insufficient to cover essential living costs.

INFAMOUS "DUST BOWL"

In some widespread areas, severe droughts and soil particles driven by ceaseless winds created the infamous "dust bowl" of the 1930's. Hundreds of families made destitute by these uncontrollable acts of nature were forced to leave their farm homes and seek to earn a meager livelihood elsewhere, often without success.

In 1939, German armies invaded Poland and World War II began, again disrupting European agriculture and increasing demands for products from our farms and ranches. Eventually prices for these commodities advanced, and subsidies were no longer needed as incentives for farmers to produce more.

In 1941, the Japanese attack on Pearl Harbor forced our entrance into war against the Axis Powers, and a strenuous, nationwide effort was begun in industry and agriculture to fulfill wartime needs.

American farmers were faced with the stupendous task of producing enough food and fiber to feed and clothe the civilian population, our armed forces, and our allies abroad. Many obstacles stood in their way.

Farm machinery was in short supply and prices soared for what was available. Gasoline became scarce and hard to obtain for use in tractors and farm trucks. Production costs and taxes went up. The federal government set ceiling prices that farmers could receive for agricultural commodities to prevent runaway inflation as demands for them increased and scarcities developed.

Many rural people, both men and women, flocked to cities to work for high wages in industries manufacturing military supplies. Sons and young husbands left farms for military service, leaving mostly older men, women, and school-age children to produce the agricultural materials that were so vital to the war effort.

FOOD WAS RATIONED

Their response to this task was magnificent. But in spite of long days and years of unremitting toil, supplies fell short of need; and, as the war progressed, it became necessary to ration food.

The year 1945 brought the defeat of the Axis Powers and beginnings of conversions of wartime industries to the manufacture of peacetime goods. However, price controls continued in effect for some time after hostilities ceased.

All kinds of goods, including foodstuffs and clothing, were in great demand and money was plentiful and cheap. Consequently, when government price controls were removed the following year, inflation became rampant and prices soared.

Prices for many agricultural products doubled, and the story of earlier times was repeated. Established farmers who owned their land and machinery, and who had products on hand for sale—grains, soybeans, cotton, wool, livestock—profited greatly. However, production costs rose proportionally, thus lowering profit margins for subsequent crops.

Because of the high costs of machinery, land, rent, seeds, breeding stock, and other essentials, it was difficult for returning veterans and others to establish new farming businesses.

SURPLUSES DEVELOPED

The Marshall Plan was initiated in 1947, and through it and other agencies, the federal government sent billions of dollars abroad to aid the recovery of war-torn foreign countries. Such aid and improvement of European agricultural production lessened demand for American farm commodities and surpluses of some products resulted.

This prompted Congress to pass the Agricultural Stabilization Act in 1949 and a series of subsequent legislation, which, by means of loans, purchases, subsidy payments, and other operations through the Commodity Credit Corporation, provided mandatory price supports for certain specified basic farm products and discretionary supports for nonbasic ones.

These programs evoked much adverse public criticism on the grounds that farmers were being paid for not producing. However, they served to provide consumers an abundance of low-cost food and clothing in spite of the tragic Korean and Vietnam conflicts and the spectacular but costly space program. Prejudiced people failed to realize that farmers' incomes and profit margins were being restricted by the programs while the consuming public was reaping benefits from them in the form of cheap food and clothing.

Expanded foreign trade, especially with Russia, in the early 1970's increased shipments abroad, and suddenly government-owned surpluses of farm commodities were gone. Panic fears of scarcities resulted, prices for farm products skyrocketed, and the same familiar story was again repeated.

Farmers lucky enough to have products on hand to sell profited greatly; however, they were in the minority. Most farmers had already marketed their crops at lower prices and now faced inflationary costs and scarcities of materials necessary to produce new ones.

Food processors and distributors used scarcities as justification for raising prices to unprecedented highs, bungling attempts by the federal government to control such prices failed, and uninformed consumers blamed farmers for their high grocery bills.

As in earlier periods of scarcities, the federal government and various relief agencies have urged farmers to produce as much food and fiber as possible to feed and clothe needy people throughout the world with the implied promise that shipments abroad would be encouraged and aided in every way possible.

Yet an embargo was placed on foreign shipments of soybeans, and later, from July to October of 1975, a moratorium was imposed on shipment of grains and soybeans to Russia and Poland. These actions together with the refusal of dock workers to unload ships with commodities bound for Communist countries, encouraged by irresponsible labor leaders, cost American farmers billions of dollars in business.

At present, American farmers are in a period of false prosperity. Financial risks have never been greater, and prices for land, labor, machinery, and other materials required for production are the highest in history. Like other citizens, farmers are entangled in a web of many kinds of taxes: Local property taxes, state and federal income taxes, sales taxes, and when they wish to transfer their farms and holdings to heirs: Gift, estate and inheritance taxes.

Although gross incomes for some producers are large, costs and expenses make for low returns on large investments, meager wages for farmers and their families, and thin profit margins.

Lurking in the background are the specters of overproduction and surpluses threatening devastating effects on prices received by producers. Last year according to published estimates, national production amounted to 2.1 billion bushels of wheat, 5.8 billion bushels of corn, and 1.5 billion bushels of soybeans.

The alarming thing is that our people can never consume such vast quantities of commodities. We can, and must, export half the wheat and soybeans and a third of the corn without creating domestic shortages. If this is not done, surpluses will accumulate and prices paid producers will plummet.

Much of last year's crop of wheat, corn, and soybeans is still stored on the farms that produced them. A new planting season is behind us and another harvest of winter wheat is in progress. If this year's crop yields are comparable to those of last year, and much of the stored surpluses cannot be sold abroad, domestic markets and storages will be glutted and drastic price declines will follow.

Every boom period in this century has been followed by a bust. This is not only unfortunate for farmers but for the nation as a whole. Agriculture is our country's largest and most basic industry. We Americans, who pride ourselves on being an intelligent and progressive people, should be able to muster enough common-sense wisdom to protect farmers in the future against the precarious

economic uncertainties they have suffered in the past.

If this is not done, more farms will be lost by owners, and independent farm families farming their own land, which has really been the foundation of America's greatness, eventually will disappear from the American scene.

THE POST CARD REGISTRATION BILL, H.R. 11552

Mr. THURMOND. Mr. President, on August 9, 1976, the House of Representatives passed and sent to the Senate H.R. 11552, the so-called post card registration bill, which is now being held at the desk.

I have examined this bill in detail. It is one of the most ominous and dangerous bills I have seen during my 22 years in the Senate.

Mr. President, it is my firm conviction that if we enact this bill, we will not only be invading a province within the jurisdiction of the States, but we will be opening the door to the most widespread and uncontrolled voter registration fraud and abuse in the history of our country.

The Spartanburg Herald, in an August 11, 1976, editorial entitled "Opening the Way to Election Abuse," succintly capsuled many of the opinions I have heard from my South Carolina constituents and from concerned citizens throughout the Nation. The Herald points out some of the administrative problems with the bill, which I share with my colleagues:

. . . By federal demand, there is hardly any residence requirement anymore. Educational standards have been lowered.

South Carolina, along with many other States, has expanded drastically its absentee ballot provisions.

. . . The law would apply only to federal elections. However, it is not practical for a State to operate elections with a different set of rules for State and local than apply to federal. So States are pretty much stuck with conforming to federal provisions.

. . . Think of hordes of organized canvassers out to get signatures, not to improve the quality of participation, but to get on the rolls those they can turn to their own purposes.

. . . Fairness and integrity in the elective process are far more important objectives than wholesale voter turnout.

During the recess, I read three other excellent editorials on the potential abuse resulting from voter registration by mail. First, there appeared in the August 17, 1976, Charleston, S.C., News and Courier an excellent editorial entitled "Voter Registration." Second, the Providence, R.I. Journal of August 12, 1976, carried a persuasive analysis entitled "An Invitation to Fraud." Third, another excellent editorial entitled "The Post Card Fraud" appeared in the August 11, 1976, Indianapolis News.

Mr. President, I am pleased to see that the news media has taken notice of the potential danger of the so-called post card registration scheme, and exposed it for what it is. As I read additional editorials on this subject, I intend to bring them to the attention of the Senate.

Unfortunately, one of the Presidential candidates has already tried to inject partisan politics into this issue by trying to ramrod this legislation through the Congress prior to the November election. I consider this a grave mistake. I hope that more reasonable minds in the Senate will not look at this issue in a partisan manner, but will examine it and defeat it because of the fraud it would perpetrate on the American people and chaos it would create for State and local governments. If the Senate should pass it, I feel so strongly about this measure that I intend to urge President Ford to veto it.

Mr. President, in addition to the excellent editorial from the Spartanburg Herald, and in order to share these other three timely and persuasive editorials from the Charleston News and Courier, the Providence Journal, and the Indianapolis News with my colleagues, I ask unanimous consent that they be printed in the RECORD.

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

[From the Indianapolis News, Aug. 11, 1976]

THE POST CARD FRAUD

Congress is being asked to move quickly on a bill establishing Federal voter registration by postcard.

The man doing the asking is Jimmy Carter, the Democratic presidential nominee who wants the system in effect in time for the November election.

Postcard registration, administered by Washington, is generally presumed to be helpful to Democrats. The advertised reason for the bill is that Americans do not vote in adequate numbers because registration, under existing state procedures, is too difficult.

This claim is frequently supported by the observation that only 55.6 percent of the potential voters actually cast ballots in the 1972 presidential election. The fact is that no relationship can be found on the record between registration procedures and voter turnout.

The case of Washington, D.C., is instructive. In 1972 only 53.4 percent of the voters already registered bothered to vote.

It is reasonable to suggest that something other than registration requirements are keeping people from voting, for instance, the quality of the candidates or the belief that it simply doesn't make any difference who is president.

Since the late 1950s, the Congress and the Federal courts have been chipping away at obstacles to voting. Literacy tests, poll taxes, residency requirements, etc., have been outlawed by legislation or struck down by the courts. The result has not been the rise in voter participation we would have the right to expect if the supporters of postcard registration are correct. Such an increase has occurred only in the South where a large segment of the population had previously been deliberately excluded.

In the North, voter participation in presidential contests dropped from more than 70 percent in 1960 to less than 60 percent in 1972.

Information developed by a House committee in 1968 showed almost no difference in voter turnouts between states having relatively simple registration procedures and those with such obstacles as no mobile registrars, no deputy registrars, the need for a voter to travel great distances to register, etc. In fact, most of the states having such "obstacles" showed greater voter turnout than the regional average.

While there is no evidence that postcard registration, managed by the Federal government, will increase voter participation, there is ample evidence it will facilitate wholesale voting fraud, further erode the autonomy of the states, and help Democratic candidates—which probably explains Carter's unusual haste to get it enacted.

[From the News and Courier, Aug. 17, 1976]

VOTER REGISTRATION

South Carolinians should hope the U.S. Senate lets die a House-passed bill providing for voter registration by mail. It is not needed. In this state it would create a monumentally complex and costly administrative problem.

As we understand it, the bill now leaves it up to the states to distribute postcards for registering voters. That registration would be good only for presidential and congressional elections. So South Carolina would wind up with two registration lists—the regular list, good for all elections, and a second applying only to federal offices. That is a nightmare prospect both for election officials and voters. Separate ballots, eligibility questions and the possibility of fraud are other bad aspects of this dual registration.

The whole thing is so needless. South Carolina's computerized registration system has worked beautifully to insure all persons who want to vote a chance to exercise that right. The automatic purging process has helped to clarify eligibility questions and as a deterrent to fraud. It makes no sense to complicate and confuse things now by going also to registration by postcard.

As voter turnouts at all recent elections have demonstrated, the weakness in the system is not registration but getting people to actually go to the polls and vote. The postcard proposal is no solution to that problem.

Had Democratic presidential nominee Jimmy Carter not pushed for this legislation, we doubt it would ever have cleared the House. The Senate, with more time to consider the probable results, should ignore Mr. Carter and opt for sanity, denying the bill passage.

[From the Providence Journal, Aug. 12, 1976]

AN INVITATION TO FRAUD

A postcard voter registration bill has passed the House at the behest of Jimmy Carter, the Democratic nominee for the presidency, and the door is opening to massive voting fraud in November unless the Senate rejects the plan or President Ford vetoes it. The bill is an open invitation to stuffed registration rolls.

The original bill would have allowed voters to register by postcards sent out by the federal government. The House amended the measure to leave distribution of the cards up to the states. Control of the federal end of the operation would be under the Federal Election Commission, but how it would enforce the proposal is unclear.

The plan envisions getting cards to voters through private groups, such as labor unions, as well as through conventional sources such as party organizations. Cards would have to be in the mail by Oct. 4, a month before the general election in November. Everyone who meets state eligibility requirements could register by mail in federal elections.

The administrative problems are staggering. How would local boards of registration manage to establish and observe separate voting lists in one month? Who would check the authenticity of requests for registration by postcard?

But by far the worst aspect of the plan is the naked invitation to abuse. Do the sponsors think that the Daley machine in Chicago, notorious vote manipulator that it is, would fail to take advantage of unchecked postcard registration? What machine could reject an invitation to load voting rolls with hundreds of phony names?

It is astonishing that a man such as Mr. Carter, who is so strongly committed to open,

honest government, should endorse such a plan and urge its swift passage. Concerned Americans will hope that if the Senate gives way to Carter pressure, Mr. Ford will stand firm and veto it out of hand.

IS ROCKWELL PRESSURING EMPLOYEES TO WRITE CONGRESS?

Mr. PROXMIRE. Mr. President, within recent days, I have been receiving mail from California and Ohio urging me to vote against my own amendment to postpone production of the B–1 bomber.

It is interesting to note that this mail almost exclusively comes from the areas surrounding two of Rockwell International's plants. This gives rise to the impression that the firm is encouraging its employees to write to Congress.

And in fact that is the case. Rockwell has been distributing a pamphlet called Wake Up Citizen, Your National Security Is At Stake. Not unsurprisingly this handout argues that the B–1 is vitally needed to insure U.S. security.

Another handout to employees is a list of all U.S. Representatives and their district office addresses. Other literature has a list of the conferees.

Mr. President, today I received a very interesting letter from one Rockwell employee. He wrote:

SIR: You might be surprised at the subtle pressure Rockwell International applies on us employees to get us to write thousands of letters to you, other representatives, and to "Letters to the Editor."

They tell us how important it is for us to save our jobs. They give us sample sentences to use. They imply it is ok to write them on "company time."

If you and your colleagues are showered with letters favoring the B–1, you'll know why.

Incidentally, do you remember that so many of these same arguments were used a few years ago to save the B–70? What would happen to "national defense" if we didn't build a fleet of B–70's?

We have problems today but we aren't additionally burdened by the B–70! The B–1 is a bigger monstrosity, a bigger burden.

Mr. President, I mention these facts and the contents of that letter so that there is no confusion about where many of these letters are coming from. They come as a result of a massive publicity campaign sponsored by Rockwell International. And it should be noted that Rockwell is hardly an impartial source of information on this subject.

MENTAL HEALTH SERVICE MODELS FOR HISPANIC POPULATIONS

Mr. KENNEDY. Mr. President, I would like to bring to the attention of my colleagues a valuable and worthwhile article which appeared in the June 1976 issue of La Luz. The article, "Mental Health Service Models for Hispanic Populations," which was written by Dr. Raquel E. Cohen, deals with the delivery system for mental health services for the Hispanic community. Dr. Cohen is project director for the New England Resource Center for Protective Services, associate professor of psychiatry, and senior associate in psychiatry at Children's Hospital Medical Center, and a board member of the National Coalitions of Spanish-Speaking Mental Health Organization—COSSMHO.

Community mental health and human services programs must today adopt special measures when serving minorities such as Spanish-speaking Americans.

Most of our human services systems have trouble both in aiding chronic and multiproblem families, and in utilizing approaches needed to support positive mental health among minorities.

Many innovative programs are now being experimented with in Massachusetts in dealing with the mental health problems of Hispanics. Dr. Cohen's article outlines the cultural conflicts experienced by Hispanic-Americans and the new focus of intervention being used in Massachusetts.

I believe that my colleagues should and would be interested in this article, and I therefore ask unanimous consent that it be printed in the RECORD.

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

MENTAL HEALTH SERVICE MODELS FOR HISPANIC POPULATIONS

(By Raquel E. Cohen, M.D., M.P.H.)

It has become increasingly obvious that human services programs or community-oriented programs to assist persons with varying degrees or levels of mental disorder must adopt special measures when serving individuals from minority groups. These groups are considered "high risk" populations, that is, among them there is a higher than average probability that persons may have difficulty in adapting to stress or to harsh life conditions and thus have a greater potential to develop emotional and physical illness or dysfunctioning.

In the United States most systems for providing human services have trouble not only in aiding chronic and multi-problem families, but also in making use of approaches needed to support positive mental health among minority populations.

In considering how this unfortunate situation affects community mental health programs for the Spanish-speaking, let us look at the poor "fit" that occurs when human services are not adapted to our needs. By understanding better what does not work and why, we can identify the types of mental health intervention that do hold more promise for Hispanos in need.

CULTURAL CONFLICTS

Cultural conflicts are at the heart of the problem now plaguing mental health service delivery systems. These conflicts arise from the one-sided process by which the services are developed and provided. In short, the services are fashioned, for the most part, for members of the majority population—not for the Spanish-speaking or other minorities. As a result, they embody values appropriate to the majority—they do not account for the presence and power of other values. In this sense, they can be said not to respect culture. Their quality thus deteriorates because, deprived of cultural relevance, they tend to have no impact on mental health problems—in fact, they may make them worse by adding stress to persons already troubled.

The cultural conflicts inherent in the process by which mental health services are fashioned are aggravated by the migration of the Spanish-speaking to already congested urban centers.

Hispanos are attracted to urban areas by job opportunities, but the conditions under which many of them must live place severe stress on emotional well-being. Women, both as wives and mothers, seem to have more difficulty in making the necessary adaptation.

Many Hispanos thus undergo what is called "culture shock." They must adapt quickly to new surroundings, yet maintain their cultural heritage. They must rapidly acquire the "know-how" of their new social and economic environment, while at the same time develop a life support system that is in harmony with their cultural/ethnic groups. Many find housing and form "Hispanic neighborhoods." These enclaves are usually in parts of the city where services are absent or are very limited.

Thus, for example, in order to obtain ambulatory mental health care, they must travel a lot, and each time they travel, they must arrange for someone to look after dependents at home. Under these circumstances, most will seek professional help only when the signs of mental disorders are serious indeed. And, as we have seen, even when help is obtained, we can expect that it will not be adapted to their particular needs.

On top of these problems, there are other problems burdening the human services delivery systems in urban centers, problems that affect all citizens in need. Lack of sufficient personnel, increased demand for services, proliferation of agencies and programs with no coordination, and the multiplication of new laws and new regulations—these are major obstacles that make the quest for services seem like a journey through a labyrinth, with scant promise of success in reaching the end.

The stage is thus set for unsatisfactory experiences by both the Spanish-speaking seeking help and the mental health bureaucracy. Herein lies the challenge for the mental health worker. For this is the person who should be equipped to overcome cultural and psychological distances and offer help in easing or removing manifestations of emotional disturbance.

What technical knowledge should the mental health worker have for this purpose? He or she must understand the dynamics by which stress is generated between minority individuals and the so-called "helping" institutions.

He or she should work in the community and develop a public health and a community health orientation. In this regard, we are beginning to see an increased awareness and sensitivity to the plight of vulnerable persons in need of services caught within depersonalized and dehumanized bureaucratic processes.

As a result, the priority of professional activities in the community mental health field is beginning to shift toward objectives of secondary prevention. By this term, we mean the activities that aim at reducing the duration of mental disorders that do occur, thus shortening the duration of existing cases and cutting back on the prevalence of mental disorder in the community.

The shift toward secondary prevention may be seen in such efforts as organizing case-finding, diagnostic, and remedial services so that mental disorders are detected early and dealt with efficiently and effectively. We must also analyze the patterns of all types of human services to local groups, taking into account whether they are stable or migrant within the social organizational structure of their own communities.

After 10 years of experience with Federal and State supported mental health centers, we have accumulated much knowledge that can guide us in improving the delivery of services to Hispanic populations.

We know that most human service systems are based on value systems, and that both are historically and traditionally geared toward persons from the American middle class. We know that those functioning in these systems are not fully aware of, or willing to acknowledge the need to modify services for persons of dissimilar backgrounds and preferences.

So these systems struggle to deal with

problems presented by large, ethnically heterogeneous, and low income groups that, in turn, are increasingly critical of how the systems have many ambivalent feelings about how to relate to this growing crisis, which is often aggravated in urban areas by other conflicts in education, welfare, and housing.

To those of us who work in the psychosocial field, these human reactions and feelings are an expression of the frustrations engendered by cultural clashes, when the predominant culture is asked to change in order to adapt to the needs of a smaller, dissimilar group that is speaking out for its own welfare.

In this situation we can clearly see the disparity in cultural values and in the ways that priorities are determined—a disparity with profound implications for the ways that these institutions behave and for the type and quality of the services offered or not offered in response to Hispanos.

NEW FOCUS OF INTERVENTION

Approaches to the delivery of mental health services should be based on principles of prevention. This will modify and amplify the design of many components and traditional services.

In mental health, the emphasis on prevention seems the best way to spend our limited time and energy, directing our efforts toward the reduction of the effects of emotional disturbance and the strengthening of the capacity of individuals to sustain stress.

Today, when jobs and services are being curtailed for lack of funds, we must mobilize our resources in such a way that we can intervene with the most efficient approaches at the most effective time and place. Those who provide mental health services should be positioned and should intervene where people live and work, if the shift to prevention is to yield satisfactory results.

Programs in the community should be designed in such a way that they integrate mental health procedures into human services systems. The latter, in turn, should share common values with regard to life styles and beliefs on health and illness.

These prescriptions indicate that the integration of comprehensive mental health procedures into community service networks would be an apt model to use in improving the delivery of services to Hispanic populations. For example, the potential for better utilization of mental health services appears greatest in health centers where aspects of mental health and public health are integrated. Many such centers are now extending services farther into the community, providing mental health consultation to schools, welfare agencies, the police, and the courts—areas where Hispanos have traditionally been most in jeopardy and most in danger of having their needs ignored or denigrated.

The approach afforded by such a model gives the mental health worker an opportunity to intervene at many levels of various social systems that are oriented toward assisting persons in need.

One significant type of intervention would be to influence the traditional service methods of professionals who might not be sensitive to the social and cultural conflicts that are aggravated when people experience different degrees or levels of dysfunctioning. Mental health professionals, in general, base their activities on the premise that the better the "fit" between human services and individual needs, the lower the stress will be. The type of intervention just cited cannot help but assist in improving the mental health condition of the individual.

With this factor in mind, the community mental health worker can utilize several approaches.

In the first place, when both providers and recipients of services are educated in mental health principles, we increase the likelihood that communication between them will improve and that more appropriate services will result. The predominant community can be helped to understand and relate to the problems of minorities through the media, conferences, and lectures sponsored and developed by mental health consultants.

Secondly, consultation with other professionals providing mental health services to Hispanos offers a wide opportunity for positive intervention. By sharing knowledge and culturally relevant approaches with community agencies, we can further sensitize them to Hispanic needs and gain a better chance to take part in the design of service programs that these agencies underwrite—programs that can significantly ameliorate the stressful environment of many families and children.

At another level it can be very important to collaborate with advisory groups that report to the Executive branch of State government. One such example is afforded by the new Title XX program. We should work with task forces for Hispanos that study needs and suggest ways that programs can address needs and receive assistance under the State plan for comprehensive services to families, adults, and children.

Although much of the intervention described thus far has related to modifying the attitudes of providers vis-a-vis Hispanos, at the same time we need to help one another work more constructively with providers. There are examples today in the community at large where Hispanic consumers are invited to help in the planning for services. Hispanic families are also being invited to participate in the development of services for broad groups in their own communities.

We Hispanos need to encourage this cooperation on the part of our professionals, paraprofessionals, and consumers. In this way, we can serve as a linking agent, assisting in the breaking down of language and cultural barriers which often exacerbate gaps in services that are desperately needed.

In the long run we must be concerned about training manpower to better relate to the problems of Hispanos. Such manpower should be bilingual and bicultural, and specifically, be trained to act as linking agents between staff and recipients in human service systems. Such highly trained specialists can work with other personnel who combine mental health knowledge and skills with expert knowledge of Hispanic values and language. These trained professionals and paraprofessionals can gather accurate, pertinent data in problem areas and communicate this information to other service personnel or program planners who are not as familiar with the ramifications of language or culture in assisting Hispanos.

And finally, we Hispanos have a continuing need to gather and analyze data to sustain the scientific, systematic development of human services. Research is an indispensable tool if we are to determine what services are being used and why, and what are the most appropriate means for providing services to Hispanic populations.

SUMMARY

The delivery system for mental health services must develop greater sensitivity to the psychological and sociological concerns of Hispanos.

Serious problems arise when individuals entering new situations attempt to adapt to the social matrix of an alien culture. Self-esteem levels are strongly influenced by interactions with representatives of the social systems of this culture—teachers, welfare workers, employers, the police, and judges. In these cases, inherent cultural conflicts aggravate the distress already felt from psychosocial dysfunctioning.

The mental health worker has the challenge and the opportunity to intervene in stressful situations, especially by directing his or her activity toward preventing the occurrence of mental disorder.

In making this effort relevant to Hispanic communities, mental health workers have at their disposal a growing body of knowledge and skills to develop and practice. Utilizing this knowledge and these skills will require increased input from Hispanic professionals, paraprofessionals, and consumers of services in both the design and implementation of service programs and ongoing research.

THE NEED FOR A NEW TANK

Mr. TAFT. Mr. President, I call to the attention of my colleagues an excellent editorial from the Wall Street Journal of August 12, "The Tank Dilemma."

The editorial notes that there are a number of questions which can be asked relating to which tank we should acquire. But it also argues quite persuasively that we do need a new tank.

Mr. President, I ask unanimous consent that this editorial, "The Tank Dilemma," be printed in the RECORD.

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

[From the Wall Street Journal, Aug. 12, 1976]

THE TANK DILEMMA

The U.S. Army is undertaking the laborious business of selecting a new main battle tank to replace the aging M-60, and this process has been much in the news recently as a result of the agreement to standardize important parts of American and German tanks. The agreement adds complexity to an already terribly difficult and technical decision.

The first, and easiest, point to deal with is the claim by some politicians and journalists that we may not need a new tank at all. The contention is that technological advances are making the tank "obsolescent," that precision-guided munitions such as laser-directed "smart bombs" and improved hand-held anti-tank weapons are denying tanks mastery of the battlefield. In a letter asking for a General Accounting Office review of the question, for example, Senator Thomas F. Eagleton cited the tank losses to anti-tank weapons in the Yom Kippur war.

The notion that these casualties make the tank obsolete is not supported by informed accounts of that war. On the Golan front, massed Syrian tank-infantry attacks were blocked by tank-infantry defenders until the reinforced Israelis successfully counter-attacked with conventional tank-infantry tactics. On the Sinai front, the initial Israeli response was a premature tank attack without the infantry support called for by conventional tactics. This attack was badly punished by Egyptian anti-tank weapons. But once the Israelis provided an infantry screen to suppress anti-tank fire, they drove off Egyptian assaults and counter-attacked across the Suez Canal.

The Yom Kippur war demonstrated, in fact, improved surface-to-air missiles make the battlefield much more dangerous for tank-killing aircraft. The best way to kill a tank is still with a tank.

If we needed any further justification of the desirability of a main battle tank we have only to look at the equipment of foreign armies. According to London's International Institute of Strategic Studies, the Soviets have 40,000 first line tanks compared with our 8,500. In the simmering Middle East the Israelis deploy 2,700 tanks while their Arab adversaries have 7,000.

The only serious question is which tank to procure—the winner of the XM-1 competition between GM's diesel-powered version and Chrysler's gas-turbine prototype or the German Leopard II? The evaluation of the

two U.S. versions has been completed, but not published, and evaluation of the German version will begin in September.

Although the Army maintains that the Leopard will be given equal consideration with the U.S. contenders, most observers of the military are skeptical about its impartiality. The economics factor sometimes cited is a false issue, because the Leopard would be manufactured in the U.S. if selected. But there are precedents for believing that the decision will be biased for the domestic design because of national pride and a long record of hostility to weapons "not invented here."

Defense Secretary Rumsfeld's agreement with the Germans is intended to meet this criticism, though it raises the question of why the trials should be held at all. It in effect directs the Army to go back to the drawing board to redesign the American contenders so that they have more interchangeability with the German tank in several key components, particularly the main gun, engine, and tracks.

Tank design is necessarily an extremely complex business. Obviously a big gun and heavy armor are desirable, but these are heavy, and weight reduces speed and maneuverability. A bigger gun usually means fewer rounds for that gun can be carried. The designer must also consider crew comfort, survivability of the tank if hit, how big a target it is, reliability, repairability, not to mention cost.

The equation is more complex if political considerations are factored in. Cooperation with the Germans on tank design is a signal to the Russians and a reassurance to ourselves that we take NATO seriously. This is worth quite a lot, and Mr. Rumsfeld believes it justifies additional cost and some delay in re-equipping our forces with new armor. Some members of Congress and some Army officials do not agree, putting more weight on the cost and especially the delay.

Serious men can disagree on which factors to stress, but we hope the parties to the decision will be able to thrash out their differences rapidly. And clearly, differences of opinion about which tank to choose should not be confused with the false issue of whether the U.S. Army needs a new tank or not.

SOUTH'S HALL OF FAME FOR THE LIVING

Mr. TALMADGE. Mr. President, Dixie Business magazine, edited in Decatur, Ga., by Mr. Hubert Lee, has named nine outstanding southerners to "The South's Hall of Fame for the Living," including Democratic Presidential nominee former Gov. Jimmy Carter.

All these men are distinguished leaders and dedicated citizens, and I bring to the attention of the Senate an article in Dixie Business on their selection. I ask unanimous consent that this article be printed in the RECORD.

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

SOUTH'S HALL OF FAME FOR THE LIVING

(By Hubert F. Lee)

For "Distinguished Service to the South" the editors of Dixie Business have named D. W. Brooks, Jimmy Carter, Emory Cunningham, Hon. Sam Ervin, Jr., Rawson Haverty, George A. Mattison, Jr., Dillard Munford, Dean Rusk, and Jack W. Warner to the South's "Hall of Fame for the Living," the honor group limited to 200 Living Leaders, from which the "Man of the South" is named.

D. W. Brooks is the World's Foremost Agribusiness Leader and is chairman of Gold Kist Inc., Cotton States Mutual Insurance Co., and Cotton States Life & Health Insurance Company.

I remember when Mr. Brooks started Cotton Producers Association in 1933, now Gold Kist, Inc., the second largest Georgia-based Corporation, doing in excess of $1-billion a year.

The University of Georgia, where he graduated in 1922 and taught agronomy for 3-years, in 1972 released a film of "D. W. Brooks—A Great Georgian."

Others honored include: Hon. Carl Vinson, Biship Arthur Moore, William E. Dillard, Wally Butts, Benjiman E. Mays, Irvin S. Ingram, Lamar Dood, Virginia Callaway, John A. Sibley, and Robert W. Woodruff.

James L. Townsend, former editor of Atlanta and Georgia magazines, wrote an article on "Jimmy Carter: Definitely Not Peanuts" in the Georgia Tech Alumni Magazine. A cutline read: "Jimmy Who: A farmer, a businessman, a planner, a governor, and a Christian."

In my letter notifying Jimmy Carter, I wrote:

"You were nominated by Tresia Ivey, my 11 year old grandaughter.

"While you were governor, my phone rang one morning.

"Tresia, in a thrilling tone of voice, exclaimed:

"Pa Pa, Guess What?

"I saw the Governor last night.

"And he kissed me.

Emory Cunningham, president of the Progressive Farmer Co., was selected 1975 "Publisher of the Year" co-winner along with Richard Babcock, chairman of Farm Journal—by the Magazine Publishers Association, New York.

He joined DeWitt Wallace of Reader's Digest (who with his wife, Leila Acheson Wallace, were named "Great Americans" for 1972 by Dixie Business editors), Harry R. Luce of Time, Arnold Ginrich of Esquire and Norman Cousins of Saturday Review-World as recipients of the award.

His selection was announced in the Spring 1976 issue, which prompted Irving Beiman, "Dean of Business News Editors" to report in The Birmingham News for May 17, 1976:

CUNNINGHAM HONORED

Emory Cunningham, president and publisher of Progressive Farmer and Southern Living magazines, Birmingham, has been named to the South Hall of Fame for the Living by the editor of Dixie Business, Hubert F. Lee.

Lee pointed out also that Dr. Clarence Poe, who was editor of Progressive Farmer for 67 years, was named to the honor group.

Cunningham earlier this year received the 1975 Henry Johnson Fisher Award as "U.S. Publisher of the Year," from the U.S. Magazine Publishers Association.

Former Senator Sam Ervin, Jr. presented the "Man of the South" award for 1959 to the late Norman Cocke former Duke Power Co., president, at the Charlotte Country Club.

I can use the words of Rudyard Kipling to describe Sen. Ervin he used to describe Mr. Cocke:

"Leal servant, loved master,

Rare comrade, sure quide."

What more can I say about so great a man and friend.

Rawson Haverty takes the place of his father, the late Clarence Haverty, on the honor group.

When Sara Ivey, my daughter, graduated from Avondale High School, her first job was with Haverty's.

"She said Clarence Haverty was named because of his years of service and as the greatest merchant of our time."

Rawson's latest public service is as chairman of trustees of St. Joseph infirmary where he is spearheading a drive for a new plant adjacent to the Scottish Rite Childrens Hospital and the Northside Hospital.

"I assure you I am among the least qualified—but if I am to be named to a "hall of fame" I prefer a "hall of fame for the living," he wrote.

Past Imperial Potentate George Mattison, Jr., was sketched in 1940 in a big book "A Book of the South," edited by John Temple Graves, II, Ralph Nicholson, George Fort Milton, Ralph McGill and Millwee Owens, which noted:

"George Mattison, Jr. started his career in the automobile business and in 1919, became associated with his father in the organization of the Woodstock Slag Company.

I met George on a train going to Birmingport from Birmingham in the middle 30s and I am reprinting his sketch in Who's Who in America. . . .

Dillard Munford, chairman of Munford, Inc., is a real life Horatio Alger entrepreneur.

I attended his last stockholders meeting and liked that cool business way he has of making people happy.

In 1946, Munford got a $30,000 loan from RFC and started the Munford Co., to manufacture Rock Wool insulation, mostly for Sears.

In 1962 the Munford Co. merged with Atlantic Ice & Coal Co. which delivered ice and coal by mule drawn wagons until Robert W. Woodruff became sales manager in 1911 and decided to switch to trucks without consulting his father, who fired him in 1913 and he joined Walter White's Company where he was the nation's top salesman until 1923 when he became head of the Coca Cola Company.

In 1969, through merger with Jack's Mini Markets the name became Jackson-Atlantic, Inc. and in 1971 the firm became Munford, Inc.

Dean Rusk takes the place of the late Cordell Hull on the honor group and ranks in history as one of the nation's greatest secretaries of State.

On July 1, 1976, he was dubbed an Honorary Knight Commander of the British Empire; on May 9, 1976 was given an honorary doctor of political science by Presbyterian College; on April 5, 1976, Senator Herman Talmadge presented a $1,000 to the Woodrow Wilson International Center in honor of Dean Rusk at the Smithsonian Institute in Washington.

I know Dean Rusk best as the kid brother of Parks Rusk, who was a star reporter on the Constitution in 1921 when he was helpful to me as a cub reported and a friend since.

Jack W. Warner was named to the Alabama Academy of Honor for his outstanding public service and his leadership.

When the Alabama Business Hall of Fame was established at the University of Alabama in 1974, Jack's mother, Mildred Westervelt Warner (1893–1974) was one of six enshrined, along with Braxton Bragg Comer, Thomas Wesley Martin, Edward Aubert Roberts, Benjamin Russell and Frank Park Samford.

Two of the greatest "Man of the South" dinners honored paper manufacturers—Ernest Kurth at Lufkin, Texas, in 1949 and Reuben B. Robertson in '50.

His father, the late Herbert D. Warner, and I were on the same speakers platform in the 30s.

INTERNATIONAL MONETARY FUND: THE INFLATION/AID MACHINE

Mr. HELMS. Mr. President, in January, Secretary Simon signed an agreement at the International Monetary Fund—IMF—meeting in Jamaica, which put the IMF stamp of approval on the present system of floating exchange rates: a system in effect since the United States suspended convertibility of the

dollar into gold for balance-of-payments transactions in 1971.

Although a number of nations led by France favored a return to stable exchange rates, the IMF, with U.S. encouragement, has institutionalized the present nonsystem of international currency exchange. The floating system already has shown its weakness: the lira and pound crises being the two greatest examples, but the franc and the Danish kroner have also been subject to great fluctuations.

The IMF also agreed in Jamaica to sell off one-third of its gold reserves, or 50 million ounces. One-sixth will be sold back to the nations who initially contributed the reserves at the "official price," $42.22 per ounce, and one-sixth will be sold at public auction: The profits of such sale going into a new "trust fund" for loans to "less-developed countries"—LDC's.

The LDC's which will receive assistance include the Communist Vietnam dictatorships. Idi Amin's Uganda, and numerous other petty dictatorships in the world—many of which cannot get American assistance under present law. They will get a great deal of American assistance under the IMF agreement.

The United States contributed approximately 48 million ounces of gold to the IMF, or 25 percent of its stock. The sale of 25 million ounces will mean a sale of approximately $700 million of American gold being used for foreign aid; purposes not contemplated when Congress authorized the transfer of gold holdings to the IMF. This gold sale has already begun, and it seems that Congress cannot stop it.

A loophole in the IMF charter was used to avoid the necessity of obtaining congressional approval for this new foreign aid venture. The loophole that the IMF used—again with U.S. approval—was something called the "scarce currency clause"—a provision of the IMF charter which states that the IMF can sell off its reserves if certain currencies are declared to be in scarce supply. However, the IMF has made no attempt to demonstrate conformity with the letter or the spirit of the scarce currency clause. It is a recognition that this gold dumping scheme would not be allowed if the legislatures of various members, and particularly, the Legislature of the United States of America, had to approve the gold selling scheme.

In a study prepared by the American Law Division of the Congressional Research Service, it is shown that in spite of the tangled arguments made by the Treasury Department, the enabling portion of the IMF Articles of Agreement, article VII, section 2, "does not appear to give the specific or implied power for the proposed disposition."

However, Senators TAFT and RIBICOFF have introduced a bill which would direct the Secretary of the Treasury—the U.S. representative to the IMF—to oppose future gold sales without Congress OK.

The House of Representatives has already approved the amendments to the Bretton Woods Agreement. Unfortunately, proposals to improve the bill were defeated.

The reasons Congress has been asked to consider the bill are numerous. The most obvious is that the present Articles of Agreement do not recognize the present system of floating exchange rates. Today's system of day-to-day changes in international currency values requires formal recognition by the IMF bankers.

In the minds of many economists, the present situation is a condition of international financial anarchy and the IMF is now without purpose. It can only act as a provider of foreign aid, and this is why added changes in the IMF charter are needed. International liquidity has mushroomed in recent times and it is difficult to imagine the need for added liquidity. However, private sources of liquidity—credit—charge competitive rates. The IMF does not. The IMF charges rates in its normal operations near its cost of capital and it can raise capital with Government guarantees.

For example, if the United States raises money for use by the IMF, the Treasury loans the IMF money, and the bill before the Senate asks for a $2 billion lending authority, the Treasury has to borrow that money at the going rate for Treasury bills. But, of course, that is far below the going rate for private loans negotiated through the private market. This difference in interest rates is nothing less than a subsidy to those who come to the IMF window. In the majority of cases, it is a subsidy from the developed nations to the less developed. It is done without specific congressional approval.

The trust fund being established will have "concessionary" loan terms, meaning that its so-called loans will be even bigger transfers of wealth from the developed to the less-developed nations.

In order to provide more funds for the IMF's regular loan authority, authorization is needed to increase the U.S. quota by 25 percent. This will require the pledging of 1.7 billion SDR's or approximately $2.0 billion. No appropriation will be required for this operation: the Federal Reserve System will merely credit the IMF's acount at the Fed, thus "creating money" for IMF use in balance-of-payments transactions. Treasury officials deny that this is a "printing press" operation, but increasing the IMF quotas will clearly increase international liquidity, thus, resulting in inflationary pressures at home and abroad.

The delegation of U.S. resources to the IMF used to be via the budgetary process. In years gone by, authorizations were approved and then appropriations were made for the U.S. subscription to the fund. For example, the Treasury, Post Office, and Executive Office Appropriations Act of 1966 had a $1.035 billion appropriation in it to increase our quota in the IMF.

Congress took it out of the budget on the grounds of the recommendations of the President's Commission on Budget Concepts, just about the time people began talking about "full employment budgets," "unified budgets," and related number-juggling operations.

Now, Congress is restudying the budget processes and I believe we should put these figures back into the budget. We have the International Development Association in the budget, we have the Export-Import Bank in the budget, and we should put this agency back into the budget. The effects of the use of these resources is identical to the effects of appropriated resources. If an animal looks like a horse, acts like a horse, smells like a horse, and sounds like a horse, it makes little sense to call it a cow.

Legislation is also required to drop the "official price" of gold, presently $42.22 per ounce. This is part of the effort to demonetize gold: Replacing gold in international transactions with special drawing rights—SDR's. This paper exchange medium, like all paper money is worth the same amount as the promises of the politicians who issue it. In this case, it is worth the promises of politicians of 16 major nations—all of which have experienced currency debasements of record proportions in recent years. If the central banks of the major nations whose currencies make up the SDR, could agree to keep all respective currencies stable, we might trust SDR's to be worthwhile medium of international exchange. As it is, central bankers cannot even agree on a common rate with which to inflate their currencies.

The weakness of the Jamaica agreement was further illustrated recently in Basle, Switzerland, home of the central bankers' bank, the Bank for International Settlements—BIS. The central bankers of France, Switzerland, Holland, Belgium, and even Italy decided to buy gold bullion when the IMF gold is auctioned off. This is in direct conflict with U.S. understanding of the Jamaica agreement which states that the gold stocks of the major nations in IMF are not to be increased. According to Barron's weekly financial newspaper:

> Johannes Witteveen, director of the IMF, stayed away from last week's meeting of central bankers in Basle because it would have been unseemly for him to actually be present while central bankers completed their plans to thwart his demonetization operation.

In addition, the Jamaica agreement stated that there will be no government action to stabilize the price of gold, yet Barron reports:

> One is entitled to suspect that the European central bankers also infringed the agreement by fixing (in the presence of Arthur Burns, incidentally), the price at which they will buy gold. If the metal is being bought by government owned banks at a price arranged by international accord, in what sense is gold being demonetized?

A very good question, and perhaps one that can only be answered in this way: As long as rational men have reason to distrust paper currency, they will seek an alternative stable store of value and traditionally that has been and remains, gold. Gold cannot be "demonetized."

The IMF, in a period of floating exchange rates, is in a very real sense, a paper tiger. Some have said that this is the reason the IMF has adopted the trust fund foreign aid scheme; as sort of a means to perpetuate itself. Certainly the last thing we need is another foreign aid agency, and particularly, one that at-

tempts to cloak its activities under the guise of international monetary stability.

The Bank for International Settlements can serve the purposes of an international currency clearinghouse, and it has shown far less of a proclivity to base its decisions on political rather than fiduciary reasons.

Unless nations adopt sound monetary policies, no international institution will be able to prevent regular devaluations, speculation on the direction of currency valuations and the incentives nations have today to inflate. In other words, in a system of stable exchange rates, an international clearinghouse could serve to prevent those things which characterize the system we now have.

I should point out that the new IMF agreement emphasizes "conditionality," a banker's term for attaching strings to the IMF loans. The U.S. Treasury contends that IMF will impose strict requirements on nations seeking to use IMF resources for balance-of-payments purposes. Critics point out that such conditions are meaningless in a world which no gold reserves are pledged to the integrity of a currency. In fact, with the IMF standing ready to finance balance-of-payments deficits, nations are faced with greater, not smaller, incentives to inflate. The poorer nations, who need stable economies to encourage investment to promote the economic growth, and who lack the intestinal fortitude to adopt non-inflationary policies, will be given long-term, low-interest rate loans from the new "trust fund," making inflation seem less costly to them, and allowing them to continue inflationary policies.

Congress oversight role in the administration of U.S. participation in the IMF has been far too limited. All too often bureaucrats in the Treasury Department have been allowed a free hand in administering our role in this organization. However, increased recognition of the importance of monetary policy, both internationally and domestically, has focused new light on the IMF. It is time that some hard questions are answered. The present Treasury line does not do the job.

SAD LOSS IN MEXICO

Mr. KENNEDY. Mr. President, I am deeply concerned by recent events at a leading Mexican newspaper, Excelsior. What disturbs me most is the possibility that it was the independent, inquisitive, and tough-minded reporting and editorial commentary of that newspaper under its distinguished editor, Julio Scherer, which fired the wrath of the Mexican authorities.

I long have had a great respect for the vigor of the intellectual and cultural spirit of the Mexican people, a spirit which Excelsior has been reflecting over recent years. It would be tragic if the takeover of Excelsior is permitted to stand. It would be even worse if it becomes a prelude to further restrictions on a free press in our great neighbor. I am hopeful that is not the case. The most recent news of the possibility of the creation of a newspaper, led by Mr. Scherer, is somewhat more hopeful.

As in this country, the need to restore and reinvigorate political institutions is never at an end, and a free and healthy and critical press is crucial to that revitalizing process.

I ask unanimous consent that a letter from the former chief correspondent of Excelsior here in Washington, Armando A. Vargas, as well as news articles on this subject be printed in the RECORD.

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

JULY 13, 1976.

Hon. EDWARD M. KENNEDY,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR MR. KENNEDY: This letter has the purpose of informing you that as of this date I have resigned from my position as Chief Correspondent of Mexico's daily newspaper, Excelsior. The attached clippings speak for themselves.

On July 8, 1976, the freedom of the press as well as the dignity and integrity of hundreds of professional journalists suffered a devastating blow. . . .

The liberal editors, who for the last eight years have been trying to expand both the freedom of information and of opinion, were betrayed by a minority of conservative workers who succeeded in manipulating a number of the workers on the production staff. This minority, encouraged and supported by the Government of Mexico, the official political party of Mexico, and with the undeniable blessing of the President of Mexico . . . implies enormous and terrible consequences for the Mexican social and political systems.

The eminent poet, Octavio Paz, who until that ill-fated day was the editor of Plural, the monthly literary magazine published by Excelsior, told me—"The transformation of Excelsior into a loudspeaker for the applause and eulogies to the powerful is a signal that the authoritarian shadow of darkness, already covering most of our Latin America, is advancing upon Mexico."

I was in Mexico from Wednesday, July 8, through Sunday, July 11. I lived through those tragic events. I remained with my colleagues and friends, witnessing the murder of a newspaper which up until then had been a proud example of what a free journalistic institution should be.

I refuse to be used as a legitimizer of this crime against freedom. I have a family. I am in a foreign country. I have no fortune. But dignity, integrity, and solidarity are concepts in which I believe as strongly as I despise their perversions.

Today I proudly join the ranks of the millions of unemployed, along with hundreds of my dear colleagues—editors, reporters, foreign correspondents, columnists, and photographers—who live and abide by the same principles and values which are cherished by any person who truly believes in freedom and democracy.

Sincerely,

ARMANDO A. VARGAS.

[From the Washington Post, July 14, 1976]

THE MAN WHO KILLED EXCELSIOR

President Luis Echeverria Alvarez of Mexico has chosen a strange way to call attention to his final months in power. He has just managed to liquidate his country's one important independent center of political criticism, the newspaper Excelsior. According to reports from Mexico City, he is personally behind the crude economic pressures and the nasty strongarm tactics which resulted in the ouster of Excelsior's editor, Julio Scherer, and some 200 of his leading staffers. About the only major question still in dispute in this episode is whether President Echeverria acted out of hostility to the newspaper's tangy criticism of some, not all, of his policies, or whether he acted—equally squaledly—to advance his new financial interest in a competing newspaper group.

This is not just another Third World situation in which a tinpot dictator seeks to close out alternative institutions and ideas. For Mexico is no ordinary Third World state. It is a country which, for all its economic disparities, has sustained a sophisticated "Western" intellectual and political life. The plain proof lies in the publication of a newspaper like Excelsior—the *old* Excelsior—and in the stability of a system which allows for the orderly rotation of political power. At the top, at least, Mexico has benefitted enormously, in terms of political dialogue and self-image alike, from cultivating this tradition. It has been a valuable substitute for a two-party system. Mexico has only one party and it has been a source of cultural vitality. In the past, Mr. Echeverria himself has contributed importantly to it. As he prepares to step down, does he really want to be remembered as the man who killed Excelsior?

[From the New York Times, July 13, 1976]

MEXICO'S NEW PRESIDENT * * *

José López Portillo has, as expected, been elected overwhelmingly as the new President of Mexico to succeed Luis Echeverría Alvarez next Dec. 1. It would miss the point to emphasize the obvious: Mr. López Portillo was the only official candidate and his triumph was a foregone conclusion.

More important, in Mexico's unique circumstances, is the fact that he spent many months campaigning throughout the country, selling himself as though he had immediate opposition and seeking to get a feeling for the nation's problems as seen from the grass roots. One result of his intensive effort may have been his success in reversing the hitherto rising trend of abstention from voting, which had previously suggested a growing alienation of the citizenry from Mexico's ruling Institutional Revolutionary Party.

Mexico's basic long-term problem, with which Mr. López Portillo will have to struggle, is the population explosion. Here is a classic case of a nation whose death rate has been reduced sharply by modern advances in public health and medicine while its birth rate continues extraordinarily high. The result is a rate of natural increase sufficient to double the population every 20 to 25 years.

The corollary of that rapid population growth is a nation that has an extraordinarily large percentage of children and adolescents, as well as increasing numbers of young people coming of age annually and requiring jobs whose availability cannot be increased as rapidly as the growth in population. The result is a huge rate of unemployment and grinding poverty in much of the nation's rural areas as well as in the extensive and rapidly increasing urban slums.

In these conditions the surprise is not that there have been signs of political dissidence, as in the student explosion of 1968, but that the ruling party has been able to retain as much stability as it has.

President Echeverría rode the stormy waves of Mexican political life the past few years by appropriating as his own the symbols of radicalism, loudly proclaiming his devotion to the third world and his advocacy of a basic redistribution of the world's wealth between the haves and the have-nots.

Useful as this political rhetoric may have been to him, its negative result was to scare off potential foreign investors as well as to frighten Mexican entrepreneurs. Yet large-scale and rapidly increasing capital invest-

ment is badly needed if Mexico is to have the jobs, the housing, the public utilities and the other essentials required to give its growing population even a minimally satisfactory standard of living.

The challenge facing Mr. López Portillo when he takes over the presidency is to exhibit the political skill essential to contain the nation's internal tensions, while making possible the more rapid economic development required to meet the Mexican people's material needs.

* * * LOSES A FREE PRESS

President Echeverria's term has only a few more months to go; but his Government has just taken a fateful step whose consequences could be felt long after he is out of office. That step is the silencing of the most important independent journalistic voice of Mexico, the newspaper Excelsior. The paper itself continues to appear; but all that made it fresh, interesting and valuable in a democratic society has vanished to be replaced by conformist attitudes that would never have had a chance in the previous, genuine Excelsior.

The manner in which this journalistic coup d'état was carried out is particularly disturbing. For months a propaganda campaign was directed against Excelsior. Government-tolerated—and almost certainly Government-encouraged—squatters were permitted to seize a large and valuable tract of land the newspaper owned. Then, almost immediately after the presidential election, a well-financed rebellion was organized within the paper's staff to create a situation in which the editors risked armed conflict if they sought to carry out their normal duties.

The editors bowed to the threat of force and quit their employment. The bully boys of Lenin in 1917 or of Hitler in 1933 could not have done a more efficient job of enslaving a once proud and free newspaper. But this act of totalitarian suppression discredits those who now boast of Mexico's stability and democracy; while it presents a moral challenge of the first magnitude to President Echeverria's selected successor.

[From the Washington Post, July 11, 1976]

COUP AT MEXICAN PAPER SMOTHERS PROMINENT VOICE OF DISSENT

(By Marlise Simons)

MEXICO CITY, July 10.—The dramatic conservative palace coup in Mexico's leading independent newspaper, Excelsior, has stunned the country's political and intellectual circles since it has, in effect, smothered Mexico's main critical forum.

The surprise is all the greater since there is overwhelming evidence that the reform-minded government of President Luis Echeverria itself engineered the removal of Excelsior's liberal editor and his senior assistants.

The move came only four days after Mexico's voters approved Jose Lopez Portillo as their new president in an uncontested election July 4. Lopez Portillo, Echeverria's hand-picked successor, takes office Dec. 1.

Over the past five years, Echeverria has frequently encouraged "constructive criticism" by the press and just last week he noted that greater freedom of expression was one of his administration's main accomplishments.

Only Excelsior and its three magazines, however, took full advantage of the relaxation of traditional controls and constantly sought to extend the boundaries of press freedom.

Not only did its younger reporters delve into previously ignored social problems, but its editorial writers and independent columnists also began criticizing the government's economic policies often with a directness unknown here for more than five decades.

Under the leadership of the now-deposed editor, Julio Scherer, 50, the newspaper gained a reputation as one of the most prestigious publications in Latin America as it attracted the country's learning intellectuals to write on its pages and even poet Octavio Paz to edit its literary magazine.

Its daring liberal view of domestic affairs and its frequent anti-Americanism also angered local and foreign businessmen and bankers to the point that they organized an advertising boycott against the newspaper in 1972. Among supporters of the boycott, which was abandoned as unsuccessful in changing Excelsior's policies after four months, were such U.S. companies as General Motors and Sears Roebuck.

For most of the past five years, Excelsior's Christian Democrat policies concurred with the government's own rhetoric on the abuses of over-concentrated wealth and the need for drastic social change.

On many issues considered taboo, however, Excelsior also attacked the government, noting for example that it had repressed independent union activity, that it was unwisely sustaining an over-valued currency and that it had failed explaining the violent deaths of 30 students in June 1971.

Last fall, the administration became angered by Excelsior's criticism of its handling of foreign policy, particularly on the issues of Spain's execution of several Basque terrorists, which the administration condemned, and of Mexico's support for a U.N. resolution equating Zionism with racism. The resignation of Foreign Minister Emilio Rabasa last December was directly related by observers to Excelsior's attack.

Since then, a broad propaganda offensive has been launched against Excelsior in the country's media, with growing evidence of government involvement in the campaign. One official was even quoted as complaining that "we gave you press freedom and now look what you do."

At first, Excelsior did not recognize the attacks as the first skirmishes of a battle for its editorial independence. Even after a 215-acre property owned by the newspaper was invaded by a group led by a government politician June 10, Excelsior withheld an open denunciation of the campaign for fear of exacerbating the situation on the eve of the general elections.

Then, a small group of conservative reporters, led by the editor of Excelsior's afternoon edition, Regino Diaz Redondo, began agitating among printers and arguing that Scherer and his group were threatening the survival of the newspaper.

This week, when it became known privately that Diaz Redondo was coordinating his campaign with senior officials of the Interior Ministry and that he had ample funds with which to assure cooperative members' votes, Excelsior executives finally realized that the government was fully determined to oust Scherer and his group.

The night before the decisive meeting of the paper's members on Thursday, the right-wing group took over the presses and forcibly prevented publication of a full-page advertisement signed by 50 leading intellectuals giving their support to Scherer and denouncing the campaign against freedom of expression.

After the dissidents held their minority assembly and voted the suspension of the editor and six other senior staff members, more than 200 reporters and photographers joined Scherer in walking out rather than face a violent battle for physical control of the editor's office. The rebels, so the management said, had brought in outside aid for the takeover.

Excelsior executives are linking the government's efforts to weaken the paper's political strength to the formation of a massive new newspaper group three months ago. At that time the daily El Sol was brought from the government and the El Universal group was brought from its previous owners. Industry sources maintain that one of the principal shareholders of the new group—known as the Mexican Editorial Organization—is President Echeverria.

[From the New York Times, July 11, 1976]

MEXICAN EDITORS ARE DEPOSED

The editor and senior staff members of Excelsior, Mexico's most liberal and independent newspaper, have been abruptly removed by conservative employees, possibly with tacit Government support. The editors fled the paper's offices rather than risk a confrontation with the other group, some of whom were said to be armed.

Under the deposed editor, Julio Scherer Garcia, Excelsior had pursued an editorial policy urging social reforms at home and a more independent policy abroad. That was generally in line with the policies of the outgoing Mexican President, Luis Echeverria Alvarez, but in recent months the paper and the Government have been in conflict over such matters as Mexico's support for a United Nations resolution equating Zionism with racism.

Most analysts suggested that it was to curb this independence that last week's action was taken. But others linked the action to the growth of a newspaper group, the Mexican Editorial Organization, which is partly owned by Mr. Echeverria and close aides. The weakening of Excelsior would presumably improve the competitive position of the new press empire's 37 papers.

[From the New York Times, July 10, 1976]

PAPER IN MEXICO ENDS LIBERAL TONE—CONSERVATIVE VIEW APPEARS FOLLOWING EDITOR'S OUSTER

(By Alan Riding)

MEXICO CITY, July 9.—Excelsior, the independent newspaper that was seized yesterday by its conservative employees, appeared today with its traditionally liberal view of Mexican affairs replaced by a conservative outlook.

The conservative dissidents, who last night ousted the editor of the newspaper cooperative, Julio Scherer Garcia, and some 200 of his top staff, were apparently encouraged and assisted in their move by the Government of President Luis Echeverria Alvarez.

In a long editorial today, the new leaders of Excelsior said they would continue to inform the people of Mexico "with truth and independence." They added that "the decision taken by the editorial policies we should adopt."

Nevertheless, the ousting of Mr. Scherer and his liberal associates is equivalent to the silencing of independent opinion in Mexico since Excelsior offered the only forum for serious analysis of the country's problems and for criticism of the Government's performance.

It is now expected that none of the intellectuals and political commentators who have written regularly in Excelsior over the past eight years will be published by the conservatives.

Octavio Paz, the poet, has resigned as editor of Excelsior's literary monthly, Plural, in protest of Mr. Scherer's removal.

The columnists who wrote on today's editorial page were either unknown or using pseudonyms, but all reflected a more conservative position. One writer called for a truce between Excelsior and the huge television empire, Televisa, that had joined the campaign against the former editor.

NO CLEAR EXPLANATION

The dramatic events of yesterday afternoon, when Mr. Scherer and his aides abandoned the Excelsior building for fear of a violent confrontation with the rebels, came as a shock to many Mexicans. They seemed una-

ware of the seriousness of the six-month propaganda campaign against Excelsior in newspapers and on radio and television.

Many Government officials also expressed dismay at the silencing of the newspaper's liberal editors, saying that Excelsior was the only daily that brought life and interest to Mexican journalism. Most newspapers here are run by conservative families that use their publications to promote their business interests. They are therefore careful to avoid clashes with the Government.

The reasons behind the ousting of Mr. Scherer are still not entirely clear, although evidence of the Government's involvement appears to be overwhelming.

In Mexico, a propaganda campaign of the kind directed against Excelsior generally takes place only with the approval of the Government.

The campaign was accompanied by the occupation of property owned by Excelsior by a group of squatters led by Humberto Serrano, a recently elected member of Parliament representing the governing Institutional Revolutionary Party. He said the occupation would end only on Mr. Scherer's removal.

In addition, the Attorney General, Pedro Ojeda Paullada, was quoted as having said that he could order the eviction of the occupiers only on what turned out to be the day after the rebellion at Excelsior.

POLICE FAIL TO ARRIVE

During yesterday's events, when the dissidents decided to take the editor's office by force and a gun-battle was feared, Mr. Scherer called for police protection. After one hour, the police had not arrived and the editor was forced to leave the building.

President Echeverria, who is due to hand over power to former Finance Minister Jose Lopez Portillo on Dec. 1, has frequently stated that one of the principal achievements of his Government has been to strengthen freedom of expression.

However some Mexican analysts who formerly wrote for Excelsior have suggested that Mr. Echeverria simply became irritated with Excelsior's frequent questioning and criticism of his Administration's economic and foreign policies. They also felt that, by encouraging a change in Excelsior's editorial policy, he might be forestalling further attacks on his performance after he leaves office.

But other Mexican analysts believe yesterday's events are linked to the recent acquisition of a 37-member newspaper chain by a new group which includes Mr. Echeverria among its principal shareholders.

These analysts said that the newspaper group, which is called the Mexican Editorial Organization, and includes the Mexico City dailies El Sol and El Universal, will provide Mr. Echeverria with his principal power base after December.

By weakening Excelsior both politically and economically—its current circulation of 170,000 per day is expected to drop sharply in coming weeks—industry sources believe the new group should assume a relatively greater role in Mexican politics.

[From the Washington Post, July 10, 1976]

MEXICAN EDITORS DRIVEN OUT

MEXICO CITY.—A mutiny in Mexico's leading independent newspaper appeared to have succeeded yesterday as liberal editors and managers were ousted and conservative rebels produced their own version of Excelsior.

The conservative leader of the rebellion, now acting editor, Regino Diaz Redondo, said the newspaper would remain independent, and critical "for the benefit of the country, but in a human and elegant way."

The editor, Julio Scherer Garcia, and top staff of the newspaper abandoned the Excelsior building Thursday night in face of strong threats of violence provoked by the rebels. Staff members have accused the government of supporting the takeover in order to silence its criticism.

The editors said that even if they had stayed in the building, the paralysis of the presses by the rebels would have made their work impossible.

Excelsior is a cooperative and the ousted majority called for a new assembly July 21. But the Diaz Redondo group said it will refuse to participate, claiming the take over was supported by two thirds of the membership.

[From the New York Times, July 9, 1976]

REVOLT RENDS A LEADING MEXICAN DAILY

(By Alan Riding)

MEXICO CITY, July 8.—A conservative faction inside Mexico's leading liberal newspaper, Excelsior, is trying with the apparent support of the Government to overthrow the daily's editor and senior staff members.

Early this morning, about 50 members of the conservative group entered the printing shop and stopped publication of a full-page advertisement signed by well-known intellectuals giving support to the editor. The page was left blank in the morning edition.

Since the newspaper is a cooperative and the posts of editor and managing editor are subject to election, a meeting of members was called by the conservative faction for today to vote out the editor, Julio Scherer Garcia, and the managing editor, Hero Rodriguez Toro.

SEPARATE MEETING HELD

But minutes after the meeting began, the Scherer group walked out after a disagreement over procedure and held a separate assembly in the crowded newsroom at which it claimed to have the support of 812 of the 1,302 cooperative members.

The conservative group, led by the editor of Excelsior's afternoon newspaper, Regino Diaz Redondo, then voted the expulsion from the cooperative of the editor and managing editor even though its meeting lacked a quorum.

Mr. Scherer's supporters, on the other hand, have called a new meeting for July 21 at which time they plan to expel Mr. Diaz Redondo's group. They were also warned to prevent the conservative members from carrying out their plan to occupy the editor's office.

Mr. Scherer, who has moved Excelsior to a more leftist and independent position in his eight years as editor, told reporters that the campaign was not directed at him personally but rather was aimed at forcing a change in the newspaper's editorial policy.

Behind this internal dispute, however, is an apparent effort by the Government of President Luis Echeverria Alvarez to silence the country's only outspoken critical newspaper.

Although for most of the current administration Excelsior and the Government have agreed on the need for sweeping social reforms at home and a more independent foreign policy, the newspaper's editorials and columns apparently began to annoy the regime late last year.

UNDER HEAVY ATTACK

Strong criticism by Excelsior of Mexico's support for a United Nations resolution terming Zionism a form of racism, for example, led to the dismissal of Foreign Minister Emilio O. Rabasa last December.

Early this year, the country's generally conservative newspapers, radio stations and television channels began to carry increasingly sharp attacks on Excelsior and even insulted the editor personally.

The latest crisis began June 10 when a group of slum dwellers, under the leadership of a politician belonging to the government party, occupied a 215-acre property that Excelsior was developing for middle-class housing.

The newspaper immediately turned to the authorities to evict invaders, but while its title to the property and other legal provisions were found to be in order, no attempt was made by the Government to return the property to the newspaper.

FINANCIAL AID CHARGED

At the same time, agitation within the newspaper began to grow, with Excelsior officials asserting that large sums of money had become available to the conservative group to buy the votes of some cooperative members.

While the dispute appears to be largely related to Excelsior's independent position in Mexican political affairs, some well-placed political observers have also linked it to the recent acquisition of a huge newspaper empire by the newly formed Mexican Editorial Organization.

According to reliable government sources, this organization, which now owns 37 newspapers throughout the country, including El Sol and El Universal in Mexico City, is partly owned by President Echeverria and several of his closest aides.

According to the political observers, the campaign against Excelsior also has the objective of weakening the country's most powerful newspaper and thus improving the competitive position of the new press empire.

[From the Washington Post, July 8, 1976]

MEXICAN NEWSPAPER THREATENED

(By Marlise Simons)

MEXICO CITY, July 7.—Executives of Mexico's leading newspaper, Excelsior, believe the government is sponsoring a campaign to force it to abandon its independent stance in Mexican politics.

The principal objective of the campaign appears to be the removal of Excelsior's editor, Julio Scherer, under whose leadership the daily's editorial policy has become more independent and often sharply critical of the government.

In Mexico, where the press is largely conservative and traditionally subservient to the government, Excelsior's liberal editorial line is considered provocative in both official and business circles.

The latest incident in the campaign was an illegal invasion and occupation on June 10 of property owned by Excelsior. The majority of the 300-strong invasion group are slum dwellers paid to occupy and claim the land as their own. They reportedly are led by a government party politician.

Even though the minister of agrarian reform has recognized that Excelsior's title to the land is valid, authorities have failed to evict the squatters.

The leader of the invasion, according to one Excelsior executive, is Deputy-elect Humberto Serrano, who has stated that he will only end the occupation after Scherer is dismissed as editor.

The newspaper is a cooperative, and Scherer's position is subject to popular election. A special assembly of the cooperative has been called Thursday, and conservative members of the organization apparently hope to oust the editor, who has held the post for eight years.

In an editorial today, Excelsior said it had decided to draw the public's attention to the case now that the presidential elections are over.

"The passivity of the police authorities and the district attorneys is alarming," the editorial said. "Almost one month after a number of crimes were committed and no one had lifted a finger to remedy the situation, we have to ask ourselves whether the government passivity is due to a lack of will or a lack of authority."

Excelsior executives say privately that, in the context of Mexican politics, the government's refusal to act against the squatters is equivalent to sponsoring the campaign.

After the invasion occurred, they point out, the local district attorney refused to record the newspaper's legal protest, saying he had "instructions not to receive complaints." In addition, the executives showed photographs of trucks belonging to the ruling Institutional Revolutionary Party and to the Ministry of National Patrimony delivering food and building materials to the leaders of the squatters.

The invasion of the 215-acre property south of Mexico City, which was being developed as a middle-class residential district, came as a surprise to the newspaper, although relations between Excelsior and the government had deteriorated in recent months.

During the first years of the administration of President Luis Echeverria, who leaves office Dec. 1, Excelsior generally supported the government's efforts at social reform at home and a more independent and anti-American stance abroad. Then it increasingly attacked the government for, inefficiency, corruption, and slow progress in eliminating social injustices.

Late last year, after the newspaper had sharply criticized the government's support for an anti-Zionist resolution at the United Nations and had effectively forced the resignation of Foreign Minister Emilio Rabasa, the government began to show signs of irritation with Excelsior.

The state-owned television station, Channel 13, canceled its advertising contracts with Excelsior. In the government's official newspaper, El Nacional, as well as in other Mexico City dailies, ad hoc committees spent thousands of dollars on advertising space criticizing Excelsior. These ads personally insulted editors and several of the paper's most independent columnists.

[From the Washington Star, June 27, 1976]

YES! A WAY OUT OF THE PANAMA IMPASSE

(By Clifford Hynning)

Must the United States either turn the Panama Canal "back" to the Republic of Panama, as President Ford says or keep it in United States hands forever, a la Ronald Reagan? Why not a third alternative of international control?

President Ford has been plainly uneasy over the American "commitment" to turn the Canal back to Panama, so much so, in fact, that he initially denied any such intent. The public record already made by Secretary Kissinger and Ambassador Bunker, presumably with the full authorization of the President, contradicted him embarrassingly.

But it is a tangled situation. The word "commitment" is loosely used, for it derives from no treaty or act of Congress. On the contrary, an impressive number of Senators are already on public record in opposition to any major treaty revision that would surrender United States control over the Panama Canal.

Governor Reagan's insistence on perpetual United States sovereignty over the Canal is equally shakey. The relevant treaties speak in terms of use, occupation and control, not ownership or conquest, vesting the U.S. with the rights "as if" the United States possessed sovereign power. True, much of the private property in the Canal Zone has been purchased by the United States from prior private owners, but that does not put the Panama Canal in the same category of national possession as the Louisiana Purchase or Alaska or the Florida settlement.

President Ford and Secretary Kissinger justify "the commitment" to negotiate a new Canal treaty, replacing the old treaties for the Canal and the Canal Zone, on the basis of public announcements tracing back to Presidents Nixon and Johnson. To some degree, the shades of Presidents Truman and Eisenhower are also invoked, not from anything either President did or said while in office, but because President Johnson later conferred with them over Panama. The real reason for the commitment is that successive Presidents have—with reason—feared that guerrilla attacks and revolutionary uprisings in Panama would endanger the continued functioning of the Canal. There is also the specter of UN condemnation (over a US veto?) and OAS solidarity behind the demands of Panama.

In the Joint Statement of Principles by Secretary Kissinger and Panama's Minister of Foreign Affairs on February 7, 1974, the Panama-U.S. Treaty of 1903 would be abrogated; the concept of perpetuity would be eliminated and a new "fixed" termination date provided; United States jurisdiction over "Panamanian territory" would be terminated "promptly" and such territory "returned to the jurisdiction of the Republic of Panama."

In exchange, the United States would receive from Panama, "in its capacity as territorial sovereign," a *de novo* statement of a series of rights to use the lands, waters and air space for the operation, maintenance, protection and defense of the Panama Canal and the transit of ships. The Republic of Panama would be entitled to a "just and equitable" share of the benefits from the operation of the Canal, would participate in the administration of the Canal and would assume total responsibility for the operation of the Canal upon the termination of the treaty.

In a press release of September 20, 1975, the Republic of Panama made somewhat more explicit assertions to the effect that the U.S. had agreed with Panama that "There will be no Canal Zone Government. The Government and the administrative apparatus will disappear . . . no North American police . . . no North American laws, courts or judges . . . The Panama Canal Company disappears."

This would mean a distinct break in treaty continuity and the basic authority and controls exercised by the United States over the Panama Canal. Such a break is an invitation to mischief.

So far, the Republic of Panama and the U.S. have not agreed on the duration of the treaty. Panama puts the terminal date at the end of the 20th Century, while the United States proposed a 25-year period for the Canal treaty and 50 years for the defense of the waterway. These U.S. proposals have been "emphatically rejected" by Panama.

Yet, incredibly, the possibility of a third approach has been conspicuously missing from the public discussions. Why not replace the present arrangement with an international authority geared not merely to the interests of either Panama or the United States but to the long-range benefit of the whole region?

This third approach would require the United States to continue negotiations with the Republic of Panama, but on these points:

(1) On increasing Panama's current $2.3 million per year share of Canal revenues;

(2) On increasing American and multilateral aid programs for Panamanian development;

(3) On increased use of Panamanian nationals in the Canal; and

(4) On reducing frictions caused by the rigidities of Zonal administration, including the judicial system.

At the same time, the newly elected President should call upon the World Bank to oversee explorations of the feasibility of a new international organization to control the policies of the Panama Canal and eventually to operate the Canal for the benefit, not only of Panama, and the United States, but of the Western Hemisphere and the world at large. The World Bank would serve the purpose better than the OAS, and certainly the UN, for three major reasons. The World Bank is peculiarly qualified to resolve engineering, environmental, financial and economic issues arising out of the modernization and operation of the Panama Canal. Secondly, the World Bank has demonstrated its capacity to handle delicate problems without politicalization.

And, finally, the World Bank is an international institution respected and trusted by most of the nations of the world, including Latin America, to which approximately one-third of its loans are currently made.

It would be politically naive to expect anything acceptable to the United States to come out turning the Panama problem over to the United Nations, with the mischief-making potential of the Communist bloc in that body. Yet what happens to the Panama Canal is important to Europe, Asia and Africa as well as to the Western Hemisphere.

The goal would be to set up an entity closely associated with the World Bank and able to draw upon its financial and engineering resources. The principal purposes of this new entity would be:

To provide political guarantees for the continued operation of the Panama Canal in the service of the world community;

To fix Canal rates with due regard to the interest of world shipping and the claims of Panama;

To maintain, modernize and enlarge the Canal; and

To plan for constructive use of Canal revenues.

The arrangement should provide that a fixed minimum of Canal revenues should be turned over to Panama as "riparian" owner of the land and waters which constitute the Canal, the balance of the net Canal revenues being made available to the World Bank for loan and development projects.

In transferring to this new international entity its rights and possessions in the Canal Zone, the United States would not be making concessions on treaty rights.

There would be an orderly transition from the old treaties to the new international regime, without a surrender by the United States of its treaty control of the Panama Canal to the Republic of Panama. The Republic of Panama would benefit not only from the bilateral changes negotiated directly with the United States but also from the continued growth of the Panama Canal as a vital oceanic communication.

In other words, this is a way to turn a struggle that could only damage both the United States and Panama into a situation where everybody wins.

REDS IN THE CARIBBEAN

Instead of worrying about Cuban domination of the Caribbean, Luers suggested, Congress should be exploring ways to help these island-nations modernize their economies.

The State Department official said the United States should not be unduly alarmed by the fact that an increasing number of Caribbean states are committing themselves to far-reaching social and economic change, including the nationalization of industries, and looking to Cuba for assistance.

The encouraging thing, Luers said, is that, for all their radical economic and social policies, the governments of Jamaica and Guyana have shown "no inclination to violate the basic human rights of their people, and they have shown respect for international legal norms in their efforts to reorganize and redirect their economies."

Luers and Jamaica and Guyana seem "zealously interested in preserving their hard-won status of independence" and are not likely to succumb to new masters, Cuban or otherwise.

While it is true that Prime Minister Burnham has expressed his admiration for Castro and what he views as some of Cuba's major achievements, he has made it clear that his country's political and economic development will not be modeled specifically on any other government.

Jamaican Prime Minister Michael Manley

has taken a similar position. Jamaica's democratic system is non-Communist and its economy is still geared almost completely to trade with non-Communist nations. And Manley has consistently promised to preserve Jamaica's parliamentary system and strong tradition of a free press and respect for individual rights.

U.S. officials acknowledged that Luers' carefully prepared remarks to the subcommittee signal an important turning point in Washington's attitude toward the Caribbean.

An independent Jamaica or Guyana finding its own path to social and economic progress is no longer perceived as a threat to U.S. interests in the hemisphere.

THE WORLD QUESTIONS DANIEL GEARHART'S EXECUTION

Mr. MATHIAS. Mr. President, Daniel Gearhart is dead and buried. He died before a firing squad in Angola after 3 days in that country and without inflicting any injury on a single Angolan. Although his judgment in being there at all may be faulted, it is hard to see how he earned the death penalty.

This question arises in many parts of the world among people who were not, like ourselves, his neighbors and fellow citizens. An example is an editorial from LUTA, published in Lisbon, Portugal, on July 10, 1976. By way of locating the political position of the editors of LUTA, I understand that they usually support Socialist causes. Their view in this matter has therefore, a high degree of objectivity and interest.

I ask unanimous consent that an English translation of the article be placed in the RECORD.

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

THE POET'S REFUSAL

(Translated by Wesley Kerney)

Indifferent to the various appeals he received, the president of the young Peoples Republic of Angola confirmed the death sentence of four of the thirteen mercenaries recently tried in Luanda. Thus, it is possible that when reading these lines, the reader will be doing so after the firing squad has already carried out its dreadful task.

If, on one hand, we have to reproach any and all type of activity identical to that carried on in Angola by the now condemned mercenaries, it doesn't seem, on the other hand, that we can suppress a word of reproach on Agostinho Neto's latest decision. We didn't suppress it when Franco, cachectic dictator, turned a deaf ear to the voices that were raised against the murderous garrote. We hope to have the freedom to not keep quiet whenever anyone—mercenary or chief of state—disposes, at his pleasure, of the life of a single one of his fellowmen. There isn't one single valid argument to justify a man's killing another man, it doesn't follow that one crime justifies another crime.

Over and above all the rest, in the present case, Agostinho Neto would have certainly won over to his cause the empathy of the whole civilized world had he used the prerogatives of his office in order to set an exemplary lesson of humaneness and benevolence. And it wouldn't have been very difficult, especially for him: it would have sufficed that he let the sensitivity of the poet take precedence over the indifference of the politician. But, from appearances, Agostinho Neto didn't see it this way. Or might it have been all those who now surround him, in Angola or in the world? Despite the peace and harmony they preach to the four winds, there is still a surplus, on our troubled planet, of many hardened men to whom poetry is only tolerable when it rhymes with certain totalitarian ideologies or follows the devastating metrics of the rifle or howitzer. Agostinho Neto could have written his most beautiful poem. Too bad.

THE NATIONAL FOREST MANAGEMENT ACT OF 1976

Mr. METCALF. Mr. President, tomorrow we will begin consideration of S. 3091, the National Forest Management Act of 1976.

Since the bill was reported by the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs, there has been a considerable exchange of correspondence between several Senators, including myself, and the Forest Service. I ask unanimous consent that a number of these letters be printed in the RECORD for the benefit of Senators and other interested persons.

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

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
Washington, D.C., May 27, 1976.

Mr. JOHN R. MCGUIRE,
Chief, Forest Service, Department of Agriculture, Washington, D.C.

DEAR CHIEF MCGUIRE: Attention has been directed since the reporting of S. 3091 to the Section 5(H)(iii) dealing with an economic test on National Forest lands for timber production as a management goal. Senator Talmadge in a recent speech recognized this and said he would be receptive to a clarification of this section.

We feel it would be useful to get the Forest Service viewpoint on the problems associated with the section in its present form, along with suggestions for improvement.

The reason for this subsection was to assure that timber growing investments be economically justified. When this bill is considered by the full Senate it would help to have the following points addressed:

What will be the expected impact on the arid timber sites in the West and the ability of the Forest Service to sell timber as part of the management program for these lands under the present language?

In the absence of harvesting timber on these arid sites, what is the impact on other multiple use values as trees become old and die without the opportunity to be utilized?

Are there problems in developing economic data for any sort of economic test in the light of the volatile nature of the forest products prices?

There is language in the Forest and Rangeland Renewable Resources Planning Act of 1974 (P.L. 93-378) as well as the S. 3091 that deals with economic consideration. Can the economic and arid lands concerns both be addressed by revised language? If this is not possible, can the economic concerns be addressed by P.L. 93-378 and other language in the bill should it be proposed to strike Section 5(H)(iii) in its entirety?

It would be helpful to have an answer at your earliest convenience for study by the full Senate prior to floor action.

Sincerely,

JAMES A. MCCLURE,
MARK O. HATFIELD,
DALE BUMPERS,
U.S. Senators.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., June 8, 1976.

Hon. JAMES A. MCCLURE,
U.S. Senate.

DEAR SENATOR MCCLURE: In reply to your letter of May 27, 1976, signed also by Senator Hatfield and Senator Bumpers, we would like to comment on subsection (d)(6)(H)(iii) of S. 3091 dealing with an economic test for timber production as a management goal on National Forest lands.

We believe there is adequate direction in existing law to ensure economic analysis of anticipated cost of investments as compared to anticipated benefits, and we recommend that subsection (d)(6)(H)(iii) be deleted. The Forest and Rangeland Renewable Resources Planning Act of 1974 in section 3, items (2) and (3), already specifically direct that the Renewable Resources Program contain such analyses. Section 3 provides that the Program shall include, but not be limited to—

"(2) specific identification of Program output, results anticipated, and benefits associated with investments in such a manner that the anticipated costs can be directly compared wth the total related benefits and direct and indirect returns to the Federal Government;

"(3) a discussion of priorities for accomplishment of inventoried Program opportunities, with specified costs, outputs, results, and benefits; and".

We have established procedures to provide this analysis. Land management plans which are the subject of subsection (d)(6)(H)(iii) are developed as part of the Program and subject to the analysis contained in the Program.

In addition to our belief that subsection (d)(6)(H)(iii) is not necessary, we are concerned about the difficulties of describing in statute a separation of costs and benefits associated with one resource when joint costs and benefits associated with all resources are so frequently involved.

If subsection (d)(6)(H)(iii) is retained, we would interpret it as follows:

The general cost of multiple use management, such as providing access, protection, revegetation including reforestation, and administration would not be considered a cost of production for timber production purposes. A direct timber production cost would only be a single purpose expense, such as road access needed for timber purposes or the thinning of a stand of trees to increase timber production. Further, the Committee report states, "The Committee also excludes the economic cost of carrying trees for the rotation cycle." We interpret this statement to mean that direct costs would not be capitalized in comparing them to future value.

In your letter, you specifically raised the question of the impact of subsection (d)(6)(H)(iii). First, we do not believe it would act as a constraint on overall multiple use management. Second, we believe that it would prohibit establishing intensive timber production as a management goal on only a small percentage of National Forest System lands, these lands being of low productivity at high elevations or relatively arid lands. We would not expect that such a prohibition would significantly affect National Forest allowable harvests because such lands contribute so little to present harvest levels. This estimate is based on our understanding that general multiple use management costs would not be considered a direct timber production cost, that investment costs would not be capitalized, and that the initial harevst of a stand of trees would normally bear the costs of roading and revegetation including reforestation. In further response to your questions, we believe the economic analysis which would be required by

subsection (d)(6)(H)(iii) as presently worded can be developed, even though it might duplicate or overlap existing analyses.

You also raised the question of the possible effect of letting certain trees become old and die without utilization. The provision of subsection (d)(6)(H)(iii) could limit the removal of some old growth trees for timber production purposes, but if such prohibition would result in a threat to other values by significantly increasing fire or insect and disease hazards or otherwise affect multiple resource values, we believe the trees could be removed in accordance with land management plans for affected areas.

In addition to the discussion of subsection (d)(6)(H)(iii) contained in the Committee reports, we note that the additional description which Senator Humphrey provided for the record on June 3, 1976, is in agreement with our understanding of the subsection. Although we do not anticipate any major problems in management based on our interpretation of subsection (d)(6)(H)(iii), we are aware that various groups have questioned the interpretation and effects of the subsection, and if retained the subsection could be a source of future controversy. For this and the reasons previously stated, we would prefer that the subsection be deleted.

We would be happy to discuss the matter further with you if you desire.

Sincerely,

JOHN R. MCGUIRE,
Chief.

U.S. SENATE, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., June 21, 1976.

Mr. JOHN MCGUIRE,
Chief, U.S. Forest Service, Department of Agriculture, South Agriculture Building, Washington, D.C.

DEAR CHIEF MCGUIRE: Section 11 of S. 3091, as reported by the Senate Agriculture and Interior Committees, limits the sale of timber from each National Forest "to a quantity equal to or less than a quantity which can be removed from such forest annually in perpetuity on a sustained-yield basis."

I understand that this limitation is consistent with current Forest Service policy. However, I am aware that the Forest Service is preparing a "Harvesting Issues Study" which would, among other things, evaluate various alternatives for harvest scheduling. This report was to be available by July, 1976.

The current non-declining even flow harvest policy has been questioned both by the forest industry and by several prominent forest economists from well-known universities. Opponents of this policy claim that it prevents the "effective use" of old-growth timber present in most western National Forests. They contend that significant volumes of old-growth timber can be harvested without jeopardizing the long-term sustained-yield level.

It would be helpful if you would describe the history of the development of present National Forest allowable harvest policy—giving particular attention to those factors considered most important to the decision to implement the policy in its present form. In addition, enclosed is a list of questions which I would like you to address concerning present allowable cut policies and how the Forest Service would implement Section 11 if S. 3091 were enacted.

You undoubtedly have explored some of these questions in the "Harvesting Issues Study". What is your current estimate of when this report will become available?

I hope that you will be able to reply before S. 3091 comes before the Senate.

Sincerely yours,

HENRY M. JACKSON,
Chairman.

Enclosure.

QUESTIONS

1. When did the present non-declining yield policy become effective? How does the present timber harvest regulation policy differ from that which was in effect previously? What are the practical implications of these differences? What is the rationale for the policy? Is it true that this policy will often result in a reduction in harvest levels today to avoid possible reductions in the future?

2. How many approved National Forest timber management plans have been developed under the present harvest limitation policy?

3. Would the harvest levels of these plans differ if they had been issued under the previous Forest Service harvest policy (assuming identical management and investment considerations)? If so, why?

4. Is the policy being applied in all Forest Service regions? If so, is its interpretation uniform? If not, what would be the implications of uniform application in all regions?

5. Is there any significant difference between present harvest limitation policy and the requirements of Section 11 of S. 3091? If so, what impact might these differences have on harvest levels from National Forest lands?

6. The Western Timber Association in San Francisco, California, is presently pursuing an administrative appeal of the timber management plan of the Lassen National Forest. In this appeal, present Forest Service harvest policies are being challenged. What is the background and current status of this litigation?

7. If there was a relaxation of the present Forest Service harvest limitation policy, what reasonable increases in annual allowable harvest levels could be achieved between now and the year 2020 without jeopardizing long-term National Forest sustained-yield levels? What investment levels would be needed to achieve these increases (assuming relaxation in present policy)? What investment levels would be needed to achieve identical increases if present policies are maintained? What income levels will result from each of these alternatives?

8. In the Committee mark-up of S. 3091, you recommended relaxation of the language of Section 11 to allow a permissible decline in harvest levels of five percent per decade. What would be the implications for harvest levels if this flexibility were available to you?

9. The present harvest limitations are based only upon projected yields from National Forest lands. They do not consider the potential yields from private and state lands. What would be the implications to National Forest harvest levels and community stability considerations if these non-National Forest lands were included in the base for calculation of allowable harvest levels? Would you favor such a policy?

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., July 2, 1976.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your June 21, 1976, request for information concerning Forest Service sustained yield policy and section 11 of S. 3091, as reported by the Senate Agriculture and Interior Committees.

Section 11 of S. 3091 is consistent with Forest Service policy on calculating National Forest allowable harvest. Over the year this policy has evolved toward a relatively strict, nondeclining even-flow interpretation of sustained yield. Critics on both sides of the issue have questioned this interpretation and have suggested alternative methods for scheduling harvest.

To explore the feasibility and consequences of these suggested alternatives and several related issues, we have been conducting the study you referred to, The Timber Harvest Issues Study. We expect to have the draft report on the finding of that study in mid-July. It will be a technical report we will use to reevaluate our policy.

I have asked my staff to prepare detailed answers to your questions and we will strive to have that material to you before S. 3091 comes before the Senate.

Thank you for your continued interest in the management of the National Forest.

Sincerely,

JOHN R. MCGUIRE,
Chief.

U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE,
Washington, D.C., August 17, 1976.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of June 21 asks for information concerning Forest Service sustained yield policy in relation to Section 11 of S. 3091, as reported by the Senate Agriculture and Interior Committees.

On July 2, we acknowledged your letter and answered in part some of the questions you had asked. Here is additional comment on the questions you raised and an enclosure which responds to each of the specific questions.

Present Forest Service policies concerning even flow are based on Secretary of Agriculture Regulation 36 CFR 221.3 as amended in 1963. The regulation provides for preparing timber management plans that shall be designed to (1) aid in providing a continuous supply of National Forest timber; (2) be based on the principle of sustained yield; (3) provide so far as is feasible an even flow of timber to facilitate the stabilization of communities and opportunities for employment; and (4) provide for coordination of timber production and harvesting with other uses of National Forest land in accordance with the principles of multiple use management.

The even flow policy is not new, stemming from the concept of the "regulated" forest developed by European Foresters more than a century ago. In concept, this is a forest which has achieved an approximately equal distribution of age classes, the oldest of which is at rotation age. Such a forest would produce a perpetually sustainable and even flow of annual yields of forest products. Presently, most National Forests are far from a regulated condition. Typically, the forests of the West have large areas and volumes in old-growth timber (age classes over rotation age) but have deficiencies in areas and volumes of young timber. Until the 1970's, allowable harvests in the Western Regions were calculated using a formula method, with conversion to a regulated forest planned by end of the first rotation.

Calculations by formula methods envisioned strict even flow (without declines) through the first rotation; seldom were calculations made for periods longer than one rotation. The 1969 Forest Service Douglas Fir Supply Study was the first major study to make projections of yields well beyond the end of the first rotation period. The development of computerized harvest scheduling programs to simulate various forest growth and harvest regimes was instrumetnal in allowing this type of study to be reasonably accomplished. The Douglas Fir Study results showed that with the then current rotations, management intensities, and utilization standards, harvest levels would decline after the first rotation. Shortening the rotation period would aggravate the drop in yield at the end of the rotation, although substantially increasing the first rotation allowable

cut levels. Management intensification would increase the level of yield immediately but the projections showed that end of rotation declines would still occur.

As a result of the Douglas Fir Supply Study, we became concerned that timber management plans permitting a decline in yields following the first rotation period might be in violation of the Multiple Use-Sustained Yield Act. Therefore, the Forest Service adopted the non-declining, even flow policy as stated in our Emergency Directive No. 16.

The curent policy has been analyzed as part of a study of policy alternatives relating to timber harvest scheduling. This study is now nearing completion and a draft should be available for review in September.

Sincerely,

JOHN R. MCGUIRE,
Chief.

Enclosure.

RESPONSE TO QUESTION ASKED BY SENATOR JACKSON WITH HIS LETTER OF JUNE 21, 1976

1a. When did the present nondeclining yield policy become effective?

Answer.—May 1, 1973.

1b. How does the present timber harvest regulation policy differ from that which was in effect previously?

Answer.—The present policy only refined the earlier even flow policy stated in the Secretary of Agriculture Regulation 16 CFR 221.3 (as amended in 1963) which requires that timber management plans shall, ". . . provide so far as feasible an even flow of National Forest timber in order to facilitate the stabilization of communities and opportunities for employment." This refinement required a stricter application of even flow by providing that allowable harvest levels can be no higher than a level that can be maintained from one decade to the next, indefinitely. The earlier policy applied to one rotation.

1c. What are the practical implications of these differences?

Answer.—On several of the old-growth forests in the West the planned period for harvesting the old growth will have to be extended. This can cause additional risk of mortality loss and it does result in some reduction of future growth. However, many of the highest risk stands have been harvested in the past and are now under management. Further, much of the mortality risk can be mitigated through proper planning by establishing harvest priorities for high risk stands, by increasing intermediate harvests, and by accelerating salvage programs when losses occur.

The strict even flow policy avoids any eventual decline in the flow of timber from the National Forests and thus contributes to community stability. It is also often more environmentally acceptable than a more rapid liquidation of old growth.

1d. What is the rationale for the policy?

Answer.—Nondeclining even flow, by National Forests, appears to be the policy alternative most consistent with the statutory direction. Generally, but not always, it contributes more to long run community stability than other alternatives.

Policies that seek to maximize present net worth, stabilize consumer prices, or achieve some other worthy objective are alternatives; but we cannot find a statutory rationale for applying them to the National Forests.

1e. Is it true that this policy will often result in a reduction in harvest levels today to avoid possible reductions in the future?

Answer.—Our experience to date does not indicate any significant reduction in the level of National Forest timber harvest as a result of the refined even flow policy. Limited analysis made for the Renewable Resource Planning Act indicated that 12 Western National Forests experienced reduction in allowable harvest of approximately 80 million board feet (a reduction of ½ of 1%) due to the refined even flow policy.

2. How many approved National Forest timber management plans have been developed under the present harvest limitation policy?

Answer—Thirty-two.

3. Would the harvest levels of these plans differ if they had been issued under the previous Forest Service harvest policy (assuming identical management and investment considerations)? If so, why?

Answer.—The intent of National Forest timber management planning has been to set harvest levels that could be maintained over time without major fluctuations between or within planning periods. Thus, on some of the new or revised plans, assuming the same land base, there would be little difference in projected harvest levels. The harvest level on others, especially in the Rocky Mountain Region where adjustment periods had been accelerated to reduce losses from the Engelmann Spruce beetle, some minor reductions have been experienced. However, it is important to recognize that only about ⅓ of the allowable harvest in this Region has ever been sold, thus there is no real effect, nor will there be until markets are developed.

4. Is the policy being applied in all Forest Service Regions? If so, is its interpretation uniform? If not, what would be the implications of uniform application in all Regions?

Answer.—The policy is being applied on new or revised timber management plans in all Regions. The interpretation of this policy, with the objective of harvesting timber in the old growth conversion period at a rate no higher than the sustained yield anticipated in the period following conversion, is uniform. However, the Regions vary to some degree in the use of the computer technique employed to scheduled harvest. Particularly when seeking harvest schedules for very long periods, two rotations or more, Regions use a variety of approaches that all arrive at the same long term objective.

Uniform application of the array of necessary assumptions could materially raise or lower harvest levels of many forests depending on what the assumptions were and a forest's current age class distribution. The key to consistent results appears to be substantial flexibility withi the broad even flow policy.

5. Is there any significant difference between present harvest limitation policy and the requirements of Section 11 of S. 3091? If so, what impact might these differences have on harvest levels from National Forest lands?

Answer.—We do not expect any significant difference.

6. The Western Timber Association in San Francisco, California, is presently pursuing an administrative appeal of the timber management plan of the Lassen National Forest. In this appeal, present Forest Service harvest policies are being challenged. What is the background and current status of this litigation?

Answer.—This administrative appeal claims there is no basis in law for the current even flow policy and that its application on the Lassen National Forest results in "waste" or over 1 billion board feet during the first 10 years of the plan. The written record and oral presentation to the Deputy Chief for National Forest Systems have been completed, and the record has been reviewed. The findings of that review were that the Regional Forester had not erred in approving the Lassen. timber management plan, nor was there a valid basis for amending either that plan or its final environmental statement. The request for relief was denied.

7. If there was a relaxation of the present Forest Service harvest limitation policy, what reasonable increases in annual allowable harvest levels could be achieved between now and and the year 2020 without jeopardizing long-term National Forest sustained-yield levels? What investment levels would be needed to achieve these increases (assuming relaxation in present policy)? What investment levels would be needed to achieve identical increases if present policies are maintained? What income levels will result from each of these alternatives?

Answer.—The Timber Harvest Issues Study examines the physical, economic, and social consequences of alternative timber harvest scheduling methods on eight "sample" Western National Forests under several assumed levels of future investment and utilization. The level of annual allowable harvest that could be achieved between now and the year 2020 is dependent on the degree of relaxation. However, all of the scheduling alternatives studied result in approximately the same long-term total yield over the study period, assuming the same levels of future investment and utilization.

The study covers only eight forests so we do not have information on total National Forest harvest levels that could be achieved, investment levels that would be required, or income levels that would result from a relaxation of our present policy. The Renewable Resource Program presented to Congress earlier this year provides a great deal of information on alternative National Forest harvest levels possible under our present policy. Table 1 displays some details of the Recommended Program, which provides for an increase in the level of allowable harvest, and Alternative B, which maintains the current allowable harvest level. Copies of the RPA source documents are enclosed.

8. In the Committee mark-up of S. 3091, you recommend relaxation of the language of Section 11 to allow a permissable decline in harvest levels of 5 percent per decade. What would be the implications for harvest levels if this flexibility were available to you?

Answer.—The relaxation recommended in the Committee mark-up envisioned a fluctuation of plus or minus 5 percent per decade around the long-term sustained yield level. Any decade increase above the long-term level would have to be offset by a corresponding decade decrease. We believe it would be desirable to have this flexibility in the law to manage the extremely diverse nature of the National Forests and their widely varying stand conditions.

While Section 11 provides for salvaging timber stands which are substantially damaged by catastrophe, it does not prevent such catastrophes. Responsible entomologists, pathologists, and foresters can often identify 20 to 30 years in advance where catastrophic losses will occur. It would be desirable to manage these situations by departing from strict even flow to avoid these catastrophes. Expenses for sales programing revisions and for control programs could be reduced by anticipating and managing these situations.

It would also be desirable to permit minor fluctuations, less than 5 percent, to moderate effects of large reduction in National Forest timber supply. This would reduce local impacts on employment and permit a phasing-in period. Satisfactory criteria can be established to accomplish this goal. However, we would expect to continue our present strict application of even flow on most National Forests.

9. The present harvest limitations are based only upon projected yields from National Forest lands. They do not consider the potential yields from private and state lands. What would be the implications to National Forest harvest levels and community stability considerations if these non-National Forest lands were included in the base for calculation of allowable harvest levels? Would you favor such a policy?

Answer.—The land base for calculating allowable harvest is the forest area from which timber harvest can be scheduled. In most cases, it consists of a single National Forest

or a single ownership. The size of unit is significant under the even flow scheduling policy because, if the age-class distribution can be improved by combining planning units, the allowable harvest can often be raised. An improvement in the age-class distribution is usually possible when a planning unit with a large volume of mature standing timber is combined with a unit of primarily young timber. Once a planning unit has been regulated or achieved a balance of age-classes, it will produce an even flow of annual yield of forest products in perpetuity. Therefore, it is only during the conversion to a regulated forest that increases can be obtained through combining planning units.

In the West other forest ownerships typically have larger areas of young timber and insufficient mature timber volume to sustain immediate harvest at or near their full sustained yield capacity. If planning units in this condition are combined with a National Forest with a large volume of mature standing timber, an immediate harvest, approaching the combined full sustained yield would be possible. However, this would mean harvesting large areas and volumes of timber from the National Forest during the first 3 or 4 decades of the conversion period. The magnitude of this increased harvest level from National Forest level would depend on the present condition of the other lands. We estimate that during the first decade the harvest might be two or three times the harvest from the National Forest if managed as a single unit.

We have two concerns with a policy of combining ownership in calculating allowable harvest levels. First, the large increases in the area harvested could have undesirable impacts on other resources to the extent that this would be a violation of the requirement of the Multiple Use-Sustained Yield Act of 1960. The other concern is with the difficulty of regulating harvest of private forests after the timber reaches harvest size.

The Forest Service would not favor such a policy.

TABLE 1

	1980	1981-90	1991-2000	2001-10	2011-20
Recommended program: [1]					
Allowable harvest level (billion cubic feet) [2]	2.9	3.1	3.3	3.5	3.7
Receipts to Federal Treasury (million dollars) [3]	681	744	837	942	1,040
Investments (millions of appropriated dollars) [4]	263	195	185	196	207
Alternative B: [5]					
Allowable harvest level (billion cubic feet) [6]	2.8	2.9	2.9	2.9	2.9
Receipts to Federal Treasury (million dollars) [7]	654	724	859	962	962
Investments (millions of appropriated dollars) [8]	224	169	147	147	147

[1] Increase timber supplies and quality in an environmentally sound manner to the point where benefits are commensurate with costs (RPA program, p. 640).
[2] Potential yield on National Forests, table 120 RPA program, p. 641, mid-point of output range.
[3] Table 120, RPA program, p. 641, mid-point of output range.
[4] Table CCC-24, supplemental appendix RPA program, p. CCC-25, capital investments NFS with appropriated funds.
[5] Provide supplies of timber consistent with current policies and recent trends in utilization research, assistance, and management efforts.
[6] Potential yield on national forest, table 53, RPA program, p. 334.
[7] Table 53, RPA program, p. 334.
[8] Table CCC-21, supplemental appendix RPA program, p. CCC-22, capital investment NFS with appropriated funds.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., July 2, 1976.

Mr. JOHN MCGUIRE,
Chief, Forest Service, U.S. Department of Agriculture, Washington, D.C.

DEAR CHIEF MCGUIRE: In the mark-up of S. 3091, the Committees on Agriculture and Interior were interested in insuring that the results of intensified timber management practices are reflected in increased allowable harvests when there is reasonable assurance that the output is being or can be achieved, and that the programs for achieving these intensive management investments are reasonably assured of being continued. In order to achieve this objective, the Committees adopted Subsection 5(d)(6)(H)(iv) directing the Forest Service to prepare guidelines which provide that increases in allowable harvest based upon intensified management practices shall be made "only upon demonstration that such practices justify increased allowable harvests and that the outputs projected are being secured."

Please outline for me how the Forest Service would implement the guidelines if S. 3091 were enacted.

Very truly yours,

LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., July 2, 1976.

Hon. LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: This letter is in response to your July 2, 1976, request to outline how the Forest Service would implement guidelines required by Subsection 5(d)(6)(H)(iv) of S. 3091 if that legislation were enacted.

The Secretary of Agriculture is required to issue regulations setting guidelines for land management plans which:

"(iv) provide that increases in allowable harvests based on intensified management practices such as reforestation, thinnings, or tree improvement, shall be made only upon demonstration that such practices justify increased allowable harvests, and that the outputs projected are being secured."

Demonstration and secure are the key words in this subsection. We would consider the results of intensive management practices to be demonstrated if the following conditions are met:

(1) that projected outputs from the practices are supported by research or other evidence;

(2) that adequate funding to carry out the practices can be reasonably expected; and

(3) that the practices can be implemented on the ground.

Therefore, we interpret this subsection to allow increases in allowable harvest from intensive mangement practices at the time those practices are scheduled for treatment in approved management plans and the above conditions are met.

To insure that the projected outputs are being secured, guidelines would provide for control and monitoring procedures to be incorporated in the management plans. These procedures would provide for monitoring the intensive practices to assure that practices are carried out on schedule and that they produce the anticipated results. Allowable harvest levels would be adjusted appropriately if the practices were not accomplished during the planned period or if research or remeasurement of areas treated indicated that projected growth must be revised. To stabilize the process, most adjustments would be made at the 10-year revision point.

This interpretation is supported in general by the Agriculture and Forestry Committee's Report No. 94-893 which, in the fifth paragraph on page 38, states, "The Committee bill is designed to insure that increases in harvest rates are institued only when a sound basis exists for projecting future yields and when control and monitoring procedures are incorporated in the management plan to insure that practices are carried out on schedule and that they produce the anticipated results."

The assurance of adequate and continued funding to carry out scheduled treatments is a key factor in taking credit for increases in allowable harvest levels. We view the Forest and Rangeland Renewable Resources Planning Act as providing a framework to gain that assurance as a basis for assumed management levels for the purposes of Subsection 5(d)(6)(H)(iv).

We appreciate the opportunity to offer our interpretation of how one provision of S. 3091 would affect the management of the National Forests.

Sincerely,

JOHN R. MCGUIRE,
Chief.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., July 8, 1976.

Mr. JOHN MCGUIRE,
Chief, U.S. Forest Service, Department of Agriculture, Washington, D.C.

DEAR CHIEF MCGUIRE: I would very much appreciate having the following information by Monday, 19 July.

1. The number of National Forest acres included in the National Wilderness Preservation System;

2. The number of such acres that would technically be rated as commercial forest;

3. To the extent available, a breakdown by the site classes as used in timber surveys showing acres in each site and annual timber growth capacity;

4. For comparison purposes, show the acreage of other commercial forest land in the National Forest system by site class, showing actual current growth and potential growth for timber;

5. For areas that you currently project as potential wilderness areas, show the acreage, commercial forest acreage, site class breakdown, actual current timber growth and potential timber growth;

6. For the Wilderness System lands as the System now exists, how many acres are lands that were in the allowable harvest base in 1964 when the law was enacted? How many acres were in areas where timber was actually sold from the lands? What was the average site, actual timber growth and potential timber growth for these lands?

7. Using the data for the lands currently in the "commercial forest" base for the National Forest System and, to the extent available showing them by site class, what is the current level of growth and the potential level of growth and the current level of removals? Under a concept of achieving a perpetual output from these lands, what is your best judgment of the level that could be achieved if not fiscally constrained? If you have this data by forest regions, can you also set it forth in this manner?

8. How much higher would be the sustained yield harvest level percent on a perpetual output level under the language in S. 3091, as reported, viewed in terms of potential growth versus actual growth?

9. The Bureau of Domestic Commerce, Department of Commerce, issued a report in June, 1976, which purports, among other things, to describe the alleged effects of Section 11 of S. 3091, as reported. Did the Department of Commerce or its contractor, Data Resources, Inc., contact personnel in the portion of the Forest Service defined as National Forest Administration, Timber Management Staff, either to secure information for its "modelling" process or to confirm the results of that modelling process displayed in the Commerce report? Please explain what was discussed, if there were contacts, and supply copies of any data given to the Department or its contractor or material they supplied you subsequent to 14 May, 1976.

10. Appendix II of that report displays a model "Alternative National Forest Simulation" and page 3 of the report discusses two additional scenarios: (a) a 20% reduction if S. 3091 as reported is enacted, and (b) a 10% increase if S. 3091, as introduced, is enacted. Please outline in detail the basis for your disagreement with the 20% reduction thesis outlined by Commerce.

11. Section 11 of S. 3091 creates a policy which requires that the agency define for each National Forest the amount of timber that can be annually removed in perpetuity on a sustained yield basis. This would be the "potential" based on site capability after consideration of known current constraints developed under the Multiple Use Sustained Yield Act of 1960, as those two terms are defined in that Act. It then sets a general policy that the harvest level may equal, but not exceed that level. It further permits variations annually throughout any 10-year period so long as the total for the period is not exceeded. It also sets a policy for moving from the current rate of growth to the potential rate of growth so that the actual harvest levels may move up to the potential multiple use sustained yield level. Finally, it permits prompt removal of timber substantially damaged by catastrophes, over and above the harvest level set into any particular plan.

In essence, the language directs using the harvest system to convert each National Forest from an unmanaged to a managed forest moving the harvest level up to the potential, using the existing forest where present to achieve an orderly transition. In the case of a National Forest composed of lands that were cut over in private ownership and acquired as denuded lands, the policy would be secured by the application of appropriate intensive management procedures to create a growing stock base that would sustain the potential output. In those National Forests with existing stands of timber which had a low growth rate and mortality due to age, other aspects of the bill would encourage careful but prompt development of transportation systems so that multiple use management would be effectively applied. As a part of this process, forest harvesting could concentrate on removal of trees that would otherwise be lost to economic use. This would encourage harvest levels at those nearer the potential during the transition period by capturing potential losses in usable wood. Recognizing that the Congress has the responsibility to set policy for the public lands and the Executive Branch has the responsibility to carry out the policy, please explain how this policy will aid the basic concept of multiple use and sustained yield.

On this matter, I would also want to have your personal views as a professional resource manager on the utility and effectiveness of this policy for publicly held resources.

Very truly yours,

LEE METCALF.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., July 19, 1976.

Hon. LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: Your letter of July 8, 1976, asks for information regarding legislation related to management of the National Forest timber resource which is now pending before the Congress. In addition, you specifically asked for my personal views on the utility and effectiveness of the policy that would be created by Section 11 of S. 3091.

I have asked my staff to assemble the available information and to the extent possible answer the first 10 items addressed in your letter. We will strive to have that material to you as soon possible.

The policy you described on page 3 of your letter deals with the determination of timber harvest limitation on the National Forests. This policy would be created by Section 11 of S. 3091 and be affected by increases possible under guidelines established by Subsection (d)(6)(H)(iv). Section 11 would incorporate into law our current nondeclining even-flow policy for determining timber harvest levels. It would allow for increases in allowable harvest rates based on future improvements in forest management technology. However, it would not allow setting harvest rates within any 10-year planning period that could not be sustained at that level or above in any future period. Harvest levels could be increased in any plan period to reflect factors such as increased reforestation, better utilization, or intensified management, but not to the extent that a future reduction in the allowable harvest was deliberately planned.

You requested an explanation of how this policy will aid the basic concept of multiple use and sustained yield. The Multiple Use-Sustained Yield Act defines sustained yield in this way:

"(b) 'Sustained yield of the several products and services' means the achievement and maintenance in perpetuity of a high-level annual or regular periodic output of the various renewable resources of the National Forests without impairment of the productivity of the land."

Key to the interpretation of sustained yield are the words "achievement and maintenance in perpetuity." Achievement deals with the conversation of a less than regulated forest to a regulated forest, which would then be maintained in the regulated condition. In concept, a regulated forest is a forest which has achieved an approximately equal distribution of age classes of standing volume, the oldest of which is at rotation age. Such a forest would produce a perpetually sustainable and even-flow of annual output. However, the timber resource is not the only renewable resource that must be managed for sustained yield.

This policy by providing a even-flow of annual timber output, also provides assurance that the other forest resources will not generally be subjected to sudden potentially adverse changes or disruption and, therefore, aids multiple use and sustained yield concepts.

You also asked for my views on the utility and effectiveness of the policy for publicly held resources. To manage the extremely diverse nature of our National Forests and their widely varying stand conditions, I believe it would be desirable to have flexibility in the law. While Section 11 provides for salvaging timber stands which are substantially damaged by catastrophes, it does not prevent such catastrophes from occurring. For example, short-lived species such as lodgepole pine require prompt harvest after reaching maturity to prevent major mortality. In a natural state these stands deteriorate rapidly on achieving maturity, become hosts for epidemic levels of mountain pine beetles, and often are destroyed by wildfire. The best alternative now available is prompt harvesting at maturity under appropriate multiple use and environmental restraints.

Section 11 of S. 3091 as reported would restrict harvesting mature lodgepole pine at a higher level than could be maintained over time, even though failure to harvest would make major losses to insects and fire rather certain in many parts of the West.

I believe the best interest of the Nation would be served by not adopting our current policy into law. I also believe increased flexibility would aid in furthering the basic concepts of multiple use and sustained yield. It is much easier to adjust agency policy in the law that nondeclining even-flow should be the objective of the National Forest and recognize that it may take several decades to achieve in certain locations.

I would be happy to discuss this matter further with you if you desire.

Sincerely,

JOHN R. MCGUIRE,
Chief.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., July 27, 1976.

Hon. LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: This is in response to your July 8 request for information regarding legislation related to the management of the National Forest timber resource which is now pending before the Congress.

On July 19, we acknowledged your letter and answered your questions concerning Section 11 of S. 3091 as reported. Enclosed are answers to your remaining questions.

We appreciate the opportunity to furnish you with this information and explanation.

Sincerely,

JOHN R. MCGUIRE,
Chief.

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1. The number of National Forest acres included in the National Wilderness Preservation System;

As of January 1, 1976, there were 11,942,000 acres of National Forest System lands included in the National Wilderness Preservation System.

2. The number of such acres that would technically be rated as commercial forest;

As of January 1, 1976, there were 7,158,000 acres of National Forest System land classified as Productive Reserved Forest land. This is land which would technically be rated as commercial, but which has been withdrawn from timber utilization by statute, administrative regulation, or by designation in land-use plans approved by the Regional Forester. We do not have a comparable figure for wilderness areas only.

3. To the extent available, a breakdown by the site classes as used in timber surveys showing acres in each site and annual timber growth capacity;

There is no information available to answer this question. National Forest timber inventories and forest surveys conducted by Forest Service Research are only conducted on commercial forest land. The majority of National Forest System land included in the National Wilderness Preservation System that would technically be rated as commercial forest had previously been reserved as National Forest Primitive Areas and thus not included in recent forest surveys.

4. For comparison purposes, show the acreage of other commercial forest land in the National Forest System by site class,

showing actual current growth and potential growth for timber;

Table 1 displays the acreage of commercial forest land in the National Forest System by site class. We do not have available statistics for actual current growth by site class. The site classes are a classification of forest land in terms of potential cubic-foot volume growth per acre at culmination of mean annual increment in fully stocked natural stands. The potential growth per acre figures shown were determined by weighting the mid-point of each site class by the estimated acreage in the same class. Higher growth rates per acre can be attained in intensively managed stands.

This information was taken from "The Outlook for Timber in the United States," Forest Resource Report No. 20, Forest Service, USDA, October 1973. The information is as of January 1, 1970.

5. For areas that you currently project as potential wilderness areas, show the acreage, commercial forest acreage, site class breakdown actual current timber growth and potential timber growth;

In 1973 the Forest Service selected for study 274 areas to be further evaluated as to the desirability of adding them to the National Wilderness Preservation System. These New Study Areas contained 12,322,000 acres of National Forest System land of which 3,497,000 acres was estimated to be commercial forest land. There is no available information on a breakdown of the commercial forest land by site class or actual current or potential timber growth. As the areas are studied information on timber volume and value is being assembled.

6. For the Wilderness System lands as the System now exists, how many acres are lands that were in the allowable harvest base in 1964 when the law was enacted? How many acres were in areas where timber was actually sold from the lands? What was the average site, actual timber growth and potential timber growth for these lands?

Approximately 1.1 million acres of National Forest System land now in the National Wilderness Preservation System were not in a reserve status in 1964 when the law was enacted. The balance of the existing acreage was in a reserve status in 1964 and, therefore, could not have been in the allowable harvest base. We estimate that 586,000 acres of the previously unreserved land would be technically rated as commercial forest land. However, we have no available information on how much of this land may have been in allowable harvest calculation or was in areas where timber was actually sold.

7. Using the data for the lands currently in the "commercial forest" base for the National Forest System and, to the extent available showing them by site class, what is the current level of growth and the potential level of growth and the current level of removals?

Table 1 displays the available information to answer this question. Our response under question 4 discusses this in more detail. The current level of removals was given for 1970 so that all of the information would be expressed at the same point in time.

Under a concept of achieving a perpetual output from these lands, what is your best judgment of the level that could be achieved if not fiscally constrained? If you have this data by forest regions, can you also set it forth in this manner?

The Recommended Renewable Resource Program achieves a level of output of National Forest timber that can be maintained to perpetuity. This program was presented to Congress earlier this year in response to requirements of the Forest and Rangeland Renewable Resource Planning Act of 1974.

The National Forest potential yield rises from a current level of 2.7 billion cubic feet to 3.7 billion cubic feet in the period 2011–2020. This level of timber output results from an overall program that considers the sustained yield of all renewable resources, and requires an increased level of funding. We are currently in the process of disaggregating the program and do not have the output data available by forest regions.

8. How much higher would be the sustained yield harvest level percent on a perpetual output level under the language in S. 3091, as reported, viewed in terms of potential growth versus actual growth?

The recommended program developed in response to the Forest and Rangeland Renewable Resources Planning Act was based on our current nondeclining even flow policy. Since S. 3091, as reported, would continue this policy, the National Forest potential yield would be similar to that in the recommended program.

9. The Bureau of Domestic Commerce, Department of Commerce, issued a report in June 1976, which purports, among other things, to describe the alleged effects to Section 11 of S. 3091, as reported. Did the Department of Commerce or its contractor, Data Resources, Inc., contact personnel in the portion of the Forest Service defined as National Forest Administration, Timber Management Staff, either to secure information for its "modeling" process or to confirm the results of that modeling process displayed in the Commerce report? Please explain what was discussed, if there were contacts, and supply copies of any data given to the Department or its contractor or material they supplied you subsequent to May 14, 1976.

Neither the Department of Commerce nor its contractor, Data Resources, Inc., contacted any personnel in the National Forest System Timber Management staff to secure information for its "modeling" process. On May 24, 1976, the Office of the Chief received a Review Draft of the Department of Commerce "Study of the Economic Impact of National Forest Timber Curtailments Based on Monongahela Issue" dated May 1976. A copy of the Data Resources, Inc. study for the Department of Commerce was enclosed. The undated transmittal letter from the Department of Commerce (copy enclosed) requested comments or suggestions be returned by May 28, 1976. A copy of the letter and enclosures was also sent to George M. Leonard, Assistant Director for Timber Sales, Timber Management Staff.

The two draft studies were given a preliminary review due to the brief review period given by the Department of Commerce. This review revealed serious deficiencies in both studies.

The starting point for these studies was a Forest Service projection of the impacts of nationwide application of the Fourth Circuit's interpretation of the Organic Act. The Forest Service projected in August 1975, that if the decision were immediately applied nationwide, the fiscal year 1976 sale program would be reduced by about 75 percent below financed goals. We projected in future years that sustainable harvest levels would be reduced 90 percent in eastern National Forests and 40 percent in western National Forests for an overall reduction of about 50 percent in the sale program.

The Commerce Draft was based on the assumption that the above reductions in sales would be immediately translated into reductions in harvest levels. Thus the report ignores the 30 billion board feet of timber presently under contract and available for cutting, outside of Alaska. While there is the possibility of an invalidation of existing contracts, we have not anticipated a broad invalidation of existing contracts.

The studies predict impacts of the reductions in National Forest timber harvest during the period 1977–1980. Since they ignored the volumes presently under contract, the predicted impacts for this period were invalid. The basic problem of the harvest level assumptions and the resulting impacts were discussed by George Leonard with William E. Penoyar of the Department of Commerce. In addition, Dr. Dwight Hair of our Forest Economics and Marketing Research staff discussed the overall report with the Commerce staff. The Forest Service representatives in these discussions urged, because of the faulty assumptions, that the study be redone or not released.

10. Appendix II of that report displays a model "Alternative National Forest Simulation and page 3 of the report discuss two additional scenarios: (a) a 20 percent reduction if S. 3091 as reported is enacted and (b) a 10 percent increase if S. 3091, as introduced, is enacted. Please outline in detail the basis for your disagreement with the 20 percent reduction thesis outlined by Commerce.

The Commerce study does not explain why the 20 percent reduction would occur. Without some rationale for the reduction it is difficult to outline in detail the basis for our disagreement. We have reviewed the legislation and found no provisions that would cause a significant reduction in the availability of National Forest timber during the period 1976 to 1980 providing funding is made available to carry out the new requirements in Section 3 and Section 11 and the preparation of guidelines for Section 5.

TABLE I.—STATISTICS ON NATIONAL FOREST COMMERCIAL FOREST LAND BY SECTION, 1970 [1]

	North	South	Rocky Mountains	Pacific Coast	Total
Area by forest site productivity class (thousands of acres): [2]					
120 plus	225	568	3,949	6,695	11,437
85 to 120	773	2,217	5,844	8,701	17,535
50 to 85	6,890	5,228	8,085	12,518	32,721
20 to 50	2,568	2,750	16,861	3,001	25,180
Total	10,456	10,763	34,739	30,915	86,873
Average net growth per acre (cubic feet):					
Current	38	55	23	27	30
Potential	66	70	65	88	73
Net annual growth of growing stock on commercial forest land (thousands of cubic feet):					
Softwood	115,906	398,398	744,759	790,378	2,049,441
Hardwood	285,812	189,337	37,882	45,041	558,072
Total	401,781	587,735	782,641	835,419	2,607,513
Annual removals of growing stock on commercial forest land (thousands of cubic feet):					
Softwood	32,205	109,958	569,410	1,360,978	2,072,551
Hardwood	58,172	35,424	2,251	16,100	111,947
Total	90,377	145,382	571,661	1,377,078	2,184,498

[1] Not including 5,000,000 acres of unregulated commercial forest land on National Forests in the Rocky Mountain section.

[2] Classes are the average net growth (cubic feet) attainable in fully stocked natural stands.

DOMESTIC AND INTERNATIONAL
BUSINESS ADMINISTRATION,
Washington, D.C., May 24, 1976.

Mr. JOHN R. MCGUIRE,
Chief, Forest Service,
Washington, D.C.

DEAR JOHN: In recognition of your interest in national timber supply problems, we are enclosing, for your review and comment, a draft of the Department of Commerce "Study of the Economic Impact of National Forest Timber Curtailments Based on the Monongahela Decision."

One portion of the study has been prepared by Data Resources, Inc. (DRI) under contract to the Department. The DRI portion includes specific data on potential impacts on the softwood lumber and plywood industries, overall regional impacts on employment, and potential secondary impacts on forest products dependent industries, such as home building.

The remainder of the study was prepared by analysts in the Bureau of Domestic Commerce, Forest Products Division. This section contains background information and impact analyses of those industry sectors not covered by DRI. Although they are presented separately here, these two sections will be integrated in the final report.

Please mark comments or suggestions you may have directly on the enclosed draft. If you wish to have them considered for inclusion in the final report, please return the marked draft to us by May 28, 1976.

Thank you for your assistance.

Sincerely,

WILLIAM E. PENOYAR,
Director, Construction and Forest Products Division.

DOMESTIC AND INTERNATIONAL
BUSINESS ADMINISTRATION,
Washington, D.C., May 20, 1976.

Review copies of "Study of the Economic Impact of National Forest Timber Curtailments Based on Monongahela Issue" have been sent to:

American Plywood Association.
American Wood Preservers Institute.
Appalachian Hardwood Manufacturers, Inc.
Federal Timber Purchasers Association.
Hardwood Plywood Manufacturers Association.
Industrial Forestry Association.
National Particleboard Association.
National Woodwork Manufacturers Assn.
Northeastern Lumber Manufacturers Assn.
Red Cedar Shingle & Handsplit Shake Bureau.
Southern Forest Products Association.
Southern Hardwood Lumber Manufacturers Assn.
Western Wood Products Association.
United States Forest Service.
National Forest Products Association.
American Paper Institute.
American Pulpwood Association.
Western Timber Association.
Environmental Protection Agency.
Office of Management & Budget.

RETIREMENT OF BISHOP WILLARD DANDRIDGE PENDLETON

Mr. HUGH SCOTT. Mr. President, William Shakespeare, in "As You Like It," wrote: "All the world's a stage, and all the men and women merely players." Some men and women, however, rise above the role of mere player and help shape the very stage on which they act. Such a person is Executive Bishop Willard Dandridge Pendleton, who last month retired as head of the General Church of the New Jerusalem.

Since his humble beginnings in the General Church 43 years ago, when he was ordained into the first degree of the priesthood, Bishop Pendleton has served at various times as an instructor, a pastor and an official of the church before becoming the fourth bishop of the General Church in 1962. Aided by his wife of 42 years, Gabriele Pitcairn Pendleton, Bishop Pendleton has served Pennsylvanians of the Swedenborgian faith admirably in all of his capacities. Although he retired last year from his positions as president of the academy of the New Church and Bishop of the General Church, it is with sadness that I note his retirement next month from all offices of the General Church he has ever held.

Through his devoted service, Bishop Pendleton has made a great mark on society. Because of this, his contribution will be missed.

ARTHUR BRISCOE OF ST. MARY'S

Mr. MATHIAS. Mr. President, of all the available prizes the world offers, one of the most important is the affection and confidence of one's neighbors and fellow citizens. Few people hold that prize more securely than Arthur Briscoe of St. Mary's County, Maryland.

"Buck" Briscoe's family have been a part of the scene in St. Mary's County since the *Ark* and the *Dove* brought the first Maryland settlers in 1634. His own career, therefore, has carried forward a great Maryland tradition.

I am glad that "Buck" Briscoe has got the recognition he has earned by years of service to his community. A recent editorial in the Enterprise of Lexington Park, Md., summarizes "Buck's" life's work and I ask unanimous consent to have this editorial and an accompanying article printed in the RECORD.

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

TO "BUCK"

We have wanted for some time to recognize the many accomplishments of one of St. Mary's County's best known and best loved sons, Arthur "Buck" Briscoe.

This week we have tried. The Close to Home feature story on page C-1 is a result of many hours of work and quite a few "takes." But it does not begin to completely detail the countless things Mr. St. Mary's County has done for us all.

Looking at the aging man in his big straw hat it's easy to forget that this is a man who has made and spent millions, who has rubbed elbows with the high and mighty, and who has devoted his life to St. Mary's County.

It's easy to forget that this is the man who began the Economic Development Committee and who envisioned St. Mary's County as the land of pleasant living more than 25 years ago.

Looking back over the past 25 years, there are very few accomplishments in this County that Buck Briscoe has not had a hand in, from the dualization of Route 5 to the development of Point Lookout State Park, to the establishment of many businesses.

But as important as what he has done within the County is what he has done outside the County, putting St. Mary's County on the map. His contacts throughout the country are awesome and he has used his influence to attract attention to the County's beauty, history and recreational potential.

So we would like to take this opportunity to give a heartfelt thank you to Mr. Buck Briscoe.

St. Mary's County would never be the same without you, Buck.

ARTHUR "BUCK" BRISCOE, MR. ST. MARY'S COUNTY

(By Dorothy Shannon)

They call him "Mr. St. Mary's County."

Arthur "Buck" Briscoe was born in 1900 in Baltimore. His paternal grandfather was an Episcopalian minister and his maternal grandfather (Lee) was a diplomat at the Court of Austria. His mother was the former Saphire Howard of Myrtle Point in St. Mary's County.

His father's sister Elizabeth Briscoe Cashnir sold the Briscoe home at Sotterley to Mr. Satterlee, for $27,000, Buck said. Arthur Briscoe is a cousin of Judge H. T. Briscoe, who was the last person to be born at Sotterley.

Young Arthur went to Leonard Hall School in Leonardtown. After graduation at 17 years old, he returned to live in Baltimore. He got a job as assistant purser aboard one of the Old Bay Line boats which plied between Baltimore and Norfolk, three trips each week. He earned $5.00 per trip.

While on this job, he met a passenger with whom he became friends—Bill Sheen. The passenger told him about an idea he had for a waterproof asphalt burial vault. But, he told Buck, "I need about $1,800 to get it started." He suggested Buck might join him if he ever got the business going.

Buck told him he'd get the money, and bring it to Sheen's apartment. Sheen smiled thinking this young man was talking pretty big.

The following Tuesday, the tall youthful Arthur Briscoe knocked at the apartment door. "Here's your money, Mr. Sheen," he said, as he smiled that broad grin which seems to encompass everyone.

"Where the hell did you get this kind of money?" Sheen asked.

"You've got it, now don't ask questions," Buck replied. "Now when do we go into business?"

And how did Buck get the money? From bootleggers, he says.

While travelling on the boat, he had to go through Virginia, which was dry. St. Mary's County and Maryland were not, and some of the finest stills possible were on the private properties, unknown to any revenuer.

He became known as "Buck" when he went into the burial vault business, which remained successful until the time came when steel, such as that used for construction of the burial vaults, was needed in the country's war effort. So the Baltimore Burial Vault Co. folded.

OFF TO NEW YORK

Completely confident of his abilities, yet always self effacing and willing to give others credit, Arthur "Buck" Briscoe went to New York where the Liberty Ships were being built.

He needed money to start a welding business on Liberty Ships. He had an honest manner and made an impression on the banker to whom he applied for a loan of $67,000. That anyone would ask for such a sum, unknown then in New York, evidently surprised the banker. He apparently considered this must be an unusual person. He said he would check to see if the money could be made available.

Buck went back to his St. George Hotel room (in Brooklyn) to await a call. The ideas Buck offered the banker for his request must have been satisfactory, and the telephone call a few days later was in the form of an "A O.K."

Throughout his career in the welding business at times he borrowed 2 million to 3 million dollars from the same banker. He always repaid the loans promptly. In a letter to Briscoe in 1972, the banker told Briscoe the three rules for credit: character, capacity

and capital. He added Briscoe had met the test.

The banker and Buck corresponded frequently throughout the years. Recently the banker wrote from Florida and said in his 40 years of banking, Buck Briscoe was the only person to whom money was loaned by the firm who ever took the time to write, "Thank you."

The welding business which required specially made machinery and equipment for the job on Liberty Ships earned millions for Buck. He was generous to a fault, and found more ways to spend money than anyone believed.

He had friends in high places in government, finance, the theatrical and musical world, sporting world, socially, in fact he was known wherever he went and welcomed.

His "fog horn" voice could be heard loud and clear as he greeted friends enthusiastically. He towered above many men in a gathering. Buck Briscoe in his years there, endeared himself to New York and made lasting friends.

PROBLEMS

Then the war ended! There was no more need for Liberty Ships to be created or repaired. Welding equipment, a million dollars worth, was obsolete, since it had been created for special type jobs. The government taxed him $70,000 and he was unable to salvage that money.

"Why not take the welding business and sell the equipment to get your money," he asked the government agent?

"We're not in that business," he was told. So, for the next decade and more, every so often the Internal Revenue ran a check on Arthur Briscoe, to find out if he had any income to pay the levied tax, which kept increasing interestwise.

While Buck was in New York, he met and married the former Marie Gaffney, an attractive actress. Buck had been married earlier, but his wife died. He has a son in Baltimore from that marriage.

COME HOME

Buck always wanted to return to live on some farm in St. Mary's County, which he knew so well as a boy. He often asked his mother to seek out a farm there for him. She finally found one in Compton, the former Leach family farm of 145 acres on St. Clements Bay.

It was here, with his wife, Marie, they settled down as farm owners, where the tobacco "grew up almost overnight." The Cusics were the family who ran the farm.

There was much remodeling and rebuilding to be done to the old buildings, but the result was a charming type farm home, with a small front porch, and a library overlooking the bay.

It was here Buck stored and displayed trophies for his years in business, including letters and mementos from some of the most prominent persons of the era. His massive desk was always strewn with papers, folders, letters.

But, ask him a question, and he could put his hand on the exact piece of literature, etc. you wanted to know about. He still does that in his office today

Before Marie died, she and Buck often gave parties, inviting Countians and friends from New York. The Briscoe crest on silverware was evident, and the crystal and china were of the finest.

Like many, Arthur "Buck" Briscoe is not a paragon of virtue. He has many visible weaknesses among which was his ability to drink, and stay drunk until he went somewhere to be sobered up. One of the sports writers who admired Buck's ability to achieve whatever he set his mind to said of him, "He has thrown away more personal money and spilled more whiskey than a company of marines on a three day pass."

Buck adds, "I didn't spill it. I drank it!"

The writer added, "Buck has only two operating speeds, wide open and stop. There's no middle ground in Buck's life. But he is a genius when it comes to selling the virtues of St. Mary's County."

After several sessions in the hospital for his particular "failing," Buck's dear friend and physician, Dr. Greenwell, died. Buck stopped drinking, because he said, "My doctor died, and I don't dare take a chance and drink anymore. No one else understands me like he did."

When he decided to return and live in St. Mary's County, where his ancestors were among the early adventurers to this new land, he began a dedication of purpose to make St. Mary's County known and loved. Prior to this it was a little known, quiet place where politics were a prime activity (a place where the people resented the invasion of strangers).

Briscoe realized this was a most unusual area—a place where history originated in Maryland, some of the most beautiful waterways, the bounteous Chesapeake Bay. It offered a way of life from another century, almost unchanged. There were the Amish Carriages, the farmers' market, lovely old homes, a town (Leonardtown) with a village green, one of the few left now in the country. Tobacco farms were along the roads, where rows of tall tobacco in bloom heavily scented the air after a rain.

It was the pleasantness of another era. It was indeed "The Land of Pleasant Living." Buck decided to "sell" the idea to tourists and business, and money would come into the County merchants' till, and into the banks' vaults. His imagination and brilliant talent filled with ideas were too much to be contained in one person's mind.

So began the first St. Mary's County Economic Development Committee, then operating from Buck Briscoe's home, with he and Bill Chapman founders, in the late 1950's. Dorothy Dunn was the committee's "girl Friday" and secretary. She still is.

Buck and Bill worked well together for a long time, until Chapman went into his own business in Lexington Park. Briscoe became the director of the County EDC, a job he holds today.

THE HAT

All during this time, although Buck Briscoe was known to have 50 suits, each with a vest, hanging in the copious closet at his home, he'd tell people who asked where his office was located, "My office is under my hat."

This was an oversized stetson, and later a yellow straw with "Mr. St. Mary's County" stenciled on it. He has worked through the years (from under his hat) even though now he has an office selling an almost impossible dream—St. Mary's County as "The Land of Pleasant Living."

Talk to him a few moments, and he'll tell you, "St. Mary's County has everything." The Sunday Star used this as a caption about this man, June 14, 1964.

In another news item it said Buck has "succeeded in converting many stumbling blocks into stepping stones." He'd do almost anything to bring others to his beloved St. Mary's County, another news service reports.

There are hundreds of inches of praise which have been leveled at Buck Briscoe's achievements. He smiles modestly when asked how it happened to happen—"Oh I had a friend, and I made a phone call . . ."

It was an article called "Budget Vacation" in the old Collier's magazine, which originally whetted Buck's appetite to create a way to let others know of this County vacationland.

Through his magic personality, a doorway opened through which outboard motors became plentiful and used on local water ways. Business in this field zoomed, marinas were built, skiing fans came, the fishing trade grew, Cobia became a trade name and charter boats became a weekend business. Buck reasoned that everyone who bought an outboard motor or a boat should know what the County has to offer. The hospitality increased to include many strangers—and money jingled in cash registers of local businesses.

He was exhibited for St. Mary's County at national boat shows, home shows, the Armory in Washington, Baltimore, New York.

Tom Cofield and Bill Burton, among other sports editors of nationally known newspapers (Baltimore, Washington, Pittsburgh, New York), came down to see this place the "fog-horned" voiced man talked about endlessly. They have been the biggest boosters for Briscoe's St. Mary's County. Radio and TV picked up the fishing news from the bay area through the sports stories.

Tours were instigated through Buck Briscoe's office, and some who came to see, stayed to make this their home. He dictates answers to every letter received, and the faithful Dorothy Dunn gets out hundreds each week. Letters come from other lands outside the United States as well.

Buck began concentrating on making the County's roads more navigable and atttractive. When he and Chapman worked together as the Economic Development Committee, they approached the County commissioners with the request to repair the local highways and to broaden them for traffic. It was hard to make the commissioners see this visionary man's idea as a beautification program.

Back in November 1960, Briscoe wrote to John Funk, chairman of the State Roads Commission, requesting dualization of Route 5. He offered to plant crepe myrtle and white dogwood in the median strip. He cited the cherry blossoms in Washington as a tourist attraction and compared the value of beautification of the highway for tourists.

In December 1960 Funk replied. He'd have the dualization and the median strip could be planted if Buck would buy the shrubs. The State Roads would do the planting.

It cost about $2,000 to buy the shrubbery. Each of the local financial institutions donated $500 toward this. Then the strip from Mechanicsville to the Halfway House was left without beautification. So an oil company and Harry S. Waller, of Queen Anne Apartments supplied the balance of the money needed.

This was all before Mrs. Lady Bird Johnson got her beautification program into operation.

POINT LOOKOUT

Things which are accomplished on a County level do not happen without a lot of work and time consumed. Such was the case at Point Lookout. It was in 1961 Briscoe discussed the possibility of creating that historical area into a park for campers, boating, and fishing, with Gov. Millard Tawes. In 1962, he invited Joe Kaylor, director of Parks, Forests, Recreation of Maryland, to "come on down, I have something to show you." This was Point Lookout.

The seven-mile stretch of roadway from Ridge to Point Lookout was deemed "horrible" and nearly 100,000 cars travelled over it. In 1976, in spite of several requests for improvement, 1½ miles of road is finally being resurfaced.

Point Lookout was made into a State park.

Briscoe kept checking to see if all went well. He had a boat ramp put in just this year, where one was badly needed.

Last month, Countians who realized the value of Briscoe's interest in Point Lookout Park, now called one of the finest on the East Coast, unveiled a plaque at Point Lookout's entrance in Briscoe's honor.

STUFFED HAM

Perhaps one of the ideas of Buck Briscoe's which has travelled farther and farther is that of the famed St. Mary's County Stuffed Ham. Lenore Stewart, the cook for the Briscoes for many years, was responsible for stuffing many, and later Dorothy Dunn also did some.

In 1964–65, St. Mary's County Stuffed Ham was on the menu at the Maryland Pavilion of the World Fair in New York. Dorothy Dunn gave a demonstration of how to stuff the hams which was observed by TV cameras and the chief chef at the Maryland Pavilion. The demonstration was in the RCA Building at the fair. There were 700 stuffed hams delivered to the fair in New York.

When the International Races were run at Laurel, 20 stuffed hams found their way into the restaurant at the clubhouse.

The White House has enjoyed gifts of stuffed ham, brought by Briscoe, with the annual Thanksgiving Turkey and oysters when wanted to publicize St. Mary's products. President Eisenhower was the first to receive the turkey, and it came from Bob Thompson's farm at Great Mills.

Cookbooks have vied for the stuffed ham recipe.

INDUSTRY

From airport to business firms, Buck Briscoe's letters went throughout the states, inviting firms to settle in St. Mary's County. His idea was to provide jobs for local people. He remembered he left the County when he was young because there were no jobs.

He has lured several industries, among which was the former dress factory which opened in the new building just below the hill in Leonardtown. When this firm wrote they could come here, if there was a building, Buck Briscoe immediately made one of his famous "calls" to someone he'd known.

It seems each year he received a Christmas card from two of the County's business people, a husband and wife team. They were pleased with his interest and activity for the County's good and said, "If you ever need anything, call on us." Just as he does with other messages, he filed the card, "somewhere" in his desk, and in his mind.

The result, after many months of negotiating, the dress factory building was constructed, through the financial aid of the interested County people. And they made financing in keeping with what the factory owner was prepared to pay.

When, through unusual circumstances, the factory failed, another firm, Minitec was prepared to move in.

Most recently the J&J Mailing Co. came here. After some discussion they settled in the former Leonardtown Laundry Building. So successful has the operation of this firm proved, they have now built their own much larger building into which they are preparing to move. When they vacate, another firm, which Briscoe had written to some time ago, will move in with their tubular aluminum products.

The wood pulp factory in Hollywood flourished when the railroad siding took their products to Hammermill Paper Co. in Pennsylvania. The airport after many years, finally became a reality, through letters Briscoe wrote and discussions he conducted. Three hundred letters emanate through Buck Briscoe's office in a week, and are given a personal reply through Buck and his girl Friday, Dorothy Dunn.

Perhaps the best summation of the esteem many in the County have for this dynamo's talents may be quoted in excerpts from the Rotary Club's publication, The Rotary Spark, when on Nov. 22, 1965, Arthur "Buck" Briscoe was honored as "Man of the Year."

The article was headed "One Man County Public Relations Agency Awarded Citation by Rotarians."

It states, "It was a thrilling ceremony which draped well merited honors around the shoulders of a gentleman who for many years has raised an exciting and compelling voice on behalf of the County. A voice which has been heeded by thousands of people around the country, especially here in the east."

Gov. Tawes also praised this "solid, talented esteemed citizen, who has done more to publicize the virtues of St. Mary's County and Southern Maryland, than any other person. His energies have won for him the title of 'Mr. St. Mary's County.'"

Another point in the citation stated, "To the man who has done more to reveal the magic of the County to strangers, whose guidance, leadership, eloquence and gift of friendship is respected and cherished," signed by the Rotary Club members of the County.

This is the man who is now growing on in years, whose step no longer has that bounce and hurry to get there, and if you drive behind him on a road where you cannot pass, be prepared to go 20 miles an hour—endlessly.

But his personality has not changed. He can still reach for a telephone and call the occupant of the White House, the impresario of a fabulous establishment in New York, Hollywood, Palm Beach, or elsewhere in the world.

He knows the gamblers with influence, politicians, members of the clergy. The members of the diplomatic corps have talked with him, as well as those in the theatrical world (he gets mail from Kate Smith, and Tippy Stringer frequently, among others). Many high ranking government officials know Buck. You just ask for a favor, Buck knows the right person for the right request to call. And, usually he gets what he needs.

His office as the director of the County's Economic Development Commission is now located in the County's annex at Leonard Hall School. His life has taken him in a complete circle, from the era when he was a student at Leonard Hall School, to the era when he may soon be willing to rest on his laurels, knowing he has done the best job any public relations expert in the country could have done for the place he dearly loves—St. Mary's County.

He has watched the County emerge from its cocoon into a beautiful, recognized place in Maryland, earning the accolade of "The Land of Pleasant Living."

Many, many will agree—how fortunate St. Mary's has been these years to have had Buck Briscoe—"Mr. St. Mary's County"—when the County needed growing up.

A PROFILE OF A CHRISTIAN CITIZEN

Mr. TALMADGE. Mr. President, there was recently brought to my attention a splendid Bicentennial sermon delivered by the Reverend Robert J. Blankenship, pastor of the First Baptist Church of Alma, Ga.

Reverend Blankenship very eloquently and forcefully discussed the importance of Christian citizenship in this year of our Nation's Bicentennial in order to strengthen our Nation and insure its future.

I commend Reverend Blankenship for his devotion to God and country, and I ask unanimous consent that his outstanding message be printed in the RECORD.

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

A PROFILE OF A CHRISTIAN CITIZEN, ROBERT J. BLANKENSHIP, PASTOR

(The Alma Baptist Church, First. July 18, 1976)

Scripture Reading: Romans 13(RSV).

Practically speaking, I do not know if or believe that Christian society could ever entirely exist. The very nature of mankind dooms such recognition and understanding. However, I do believe that Christians can and must live in society, working for the good of society and helping keep the conscience of society alive to God's grace, mercy, and justice. There is the possibility and probability that any people or nation can be directly influenced by the Christian graces of "Faith, Hope, and Love." We, as Americans, like to think that a little of this influence has happened to us. No one can reflect on two previous centuries of American life without expressing deep appreciation for self-sacrificing men and women who have left a vision and a legacy of servanthood as their witness to truth: ". . . with liberty and justice for all." However, let us also be reminded of the apostle Paul's words: ". . . not to think of himself more highly than he ought to think, but to think with sober judgment . . ." (Romans 12:3, RSV). The grave danger of any people or nation is that a people or nation will seek to preserve self through vainglory or self-pride; so much so until not even the God who blessed is ever able to positively speak or act again.

When the two words, Christian citizen, are put together, what is the result? What does each word mean? Who is a citizen? Who is a Christian? I, personally, believe in Christian citizenship. Put another way, I believe that religion and politics can and must mix in principle and in ethics. There are many Christian people debating whether a Christian person should get involved in politics. Some say, "Yes." Others say, "No."

Baptists of all people have some peculiar debts to pay in "loving discipleship" and to our nation. It is in the special environment designed by our founding fathers that our kind of people in church life and in cultural life, along with others, have existed and prospered. Some countries threaten or penalize church people. We have had it good! Not to be thankful would be "downright ungrateful."

All is not well in our land. There is obvious despair regarding the functional realities of our political system. Freedom is under attack from various approaches. Without the effort of Christian citizenship, the result could possibly be a perversion of freedom or even the loss of freedom. This is no "manifest destiny" ultimate. It is illustrative of such probabilities as expressed through recent disclosures of the alterations in civil liberties by civil leaders through the defensive cliches of "national security" or "national defense." Often, it seems to be no more than personal defenses from the alterations. So, at such a time, it is not the pragmatic nor existential posture of the Christian citizen to be defeated by fear or anxiety. Benjamin Franklin's warning is apt: "Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety."

Unity in party politics could possibly afford an open door for better things to happen. But it is going to take a heap more that a little party unity, based on faddism or opportunism, to guide us faithfully home! What ought to be and can be accomplished, from where we are, needs proclamation and

clarity. The polarity of Thanksgiving and Obedience is the only pathway for a people, who cherish any of our historic values, to follow. Especially is this true for Christian people and citizens.

Motivation for being a Christian citizen is taken seriously because of the authoritative teachings of the Bible and because of the comprehensive demands of Jesus, The Christ, over every area of life: religious, educational, psychological, social, philosophical, and political. Christian people do not ultimately make distinctions of days, rites, and blessings. Questions are never too big. Issues are never too dirty. Challenge is never too demanding. All things are theologically and ethically incarnational. This is the authenticity of Christian citizenship.

THE BIBLE AND POLITICS

When Christian people take seriously the teachings of the Bible and the comprehensive demands of Jesus, The Christ, on all of life, then Christian people will come to see that the Bible speaks to such a functional practicality as religion and politics on the grounds of the nature of government and the nature of the Christian life. (Welton Gaddy, "Profile of A Christian Citizen," Student, October, 1974, p. 25)

The Biblical nature of government is based on the view of mankind and in the process that builds up and works for the individual dignity of man as well as for the good of all men. Government can operate either for the good or for the evil; therefore, working, as the Bible presents it, in behalf of man or against man. (John Macquarrie, ed., "State," Dictionary of Christian Ethics (Philadelphia: The Westminster Press, 1967), p. 331.)

Any time a government fails to function as an order for creation and as a defense against evil, then that government has failed to act with responsibility and for the Valued destiny of man. Freedom and responsibility go together in a "democracy of politics." Freedom is not so much a conceptualization of being from something as much as it is being for something. Christian discipleship is this very thing, as Ephesians 2:10 (RSV) says: "For we are his workmanship, created in Christ Jesus for good works . . ."

The people of God, though ultimately accountable only to God ("For we are to obey God rather than men . . ." Acts), are expected to be responsible people in the world, not isolated from the world nor better than the world (John 17; Deuteronomy 16:18–20; Romans 13; I Peter 2:13–16). The Bible speaks very directly in spirit and in principle about such realities.

One must grant that the political context was different in both the Old and New Testament times, offering no creative opportunity. Yet, responsibilities in government were taken seriously. This does not mean that the Bible offers a structured interpretation on a planned ideology of government. However, the Bible does sound forth principles to be applied, understood, and believed in by individuals and societies. These principles are dignity, social good, and compassion for the down-trodden. In essence, God's people are to be "salt . . . light . . . and leaven . . ." (Matthew 5).

Biblical theology is not content to only pray for God to grant solutions to our needs; but rather, that God would work, redemptively, through his people as part of the solution. Thus, Christian people should never pray, "Our Father, bless our national and world leaders, giving them a sense of your presence," and then go on believing that politics is ultimately dirty. As Emil Brunner has so imperatively said: "The Christian must take an active part in politics . . . because there he must show whether he really cares about the weal and woe of his brethren, whether he is really in earnest about active love. Only when we know how a man acts in the sphere of the State have we to some extent a reliable criterion by which to judge whether faith has a real penetrating influence on his life or not" (The Divine Imperative. New York: The Macmillan Co., 1937, p. 480).

THE CHRISTIAN LIFE AND POLITICS

The nature of the Christian life demands responsible citizenship. Christian life cannot be lived apart from the Biblical principles. Such an understanding is not backed up with just quoting a few proof texts from the Bible; but rather, such is backed up in the very life of Jesus' words and deeds. When Jesus, The Christ, becomes the Lord of a person's life through faith, then Jesus is Lord. The Christian believer is a true citizen, and the Christian citizen is a true believer.

Certain basic facts of a Biblical Christian life are suggested by these two foundations (Foy Valentine, Citizenship for Christians, Nashville: Broadman Press, 1965):

1. To be blessed of God is to be charged with responsibility, not just position or self-pride. This is the Biblical meaning of election. Jesus meant this when he said: "You have not chosen me, but I have chosen you . . . I have sent you forth."

One valid way to translate personal faith into concrete acts is through the crucial issues of one's (our) time. We say that we have been blessed! Where is our charge of responsibility? Where is our election? Where is our mandate unconditionally exercised that the "suffering servant" symbolizes and expresses only through "thanksgiving and obedience"?

2. Jesus was always found sending his followers into an active world . . . TO ACT! Transformation comes about only through the penetration of something greater than that which is being acted upon. Is not Good News, in word and in deed, this kind of transforming penetration, change by involvement, and process through integrity?

To keep the conscience of man and society alive to Good, Mercy, and Justice is the task of Christians and The Church.

CHRISTIAN POLITICAL INVOLVEMENT

At the close of the Constitutional Convention in 1787, Benjamin Franklin is reported to have said: "We have given you a republic—if you can keep it." Political activity is the means by which our form of government is kept alive and maintained. Either we master this art and truth of functional necessity or we lose the values of democracy (Gottfried Deitze, America's Political Dilemma, Baltimore: The Johns Hopkins Press, 1968).

Mark Hatfield has drawn an excellent conclusion about the personal involvement of a Christian in politics: "For the Christian man to reason that God does not want him in politics because there are too many evil men in government is as insensitive as for a Christian doctor to turn his back on an epidemic because there are too many germs there. For the Christian to say that he will not enter politics because he might lose his faith is the same as for the physician to say that he will not heal men because he might catch their disease (Clouse, Linder, and Pierard, eds., Protest and Politics: Christianity and Contemporary Affairs, Greenwood: The Attic Press, 1968).

The contribution of a Christian person in politics can be unique, based on the very nature of our governmental process and the very nature of the Christian life.

In a sphere where proper motives must be weighed and valued, Christians can and must minister to the meaning of love and of justice in decisions and applications.

In the plans, dreams, and needs of all, when in review or when they need to rise to view or review, Christians can and must minister to the total man in his total world, not just to part of man or to a select few.

When issues are at stake, but deferred through strife, petty vices, conformity, and a denial of courage, then Christian people speak up for the issues to be known, spoken to, and worked for.

When the conscience of a people is weighed in the balances of Value, Justice, and Good, Christians must bring a message that is decisive, even disruptive, but of hope and forgiveness toward the dawning of a new day.

When issues and personalities become intertwined, as so frequently happens in politics, then Christians must carefully separate the two as objectively as possible through the spawning of knowledge, will, ethical principles and methods that match, and through personal integrity.

When the ethical principles and causes supersede the morality of the persons identified with a cause, then Christians take the road of Value and of Good.

Such matters are forcefully put in the words of Joshua: "Choose you this day whom you will serve; but as for me and my house, we will serve the Lord." This is the kind of responsible integrity needed in political life today by Christian citizens.

A REFLECTIVE CONCLUSION

As I reflect upon life, both its gift and its redemptive Grace, I am led to the lookout point of Calvary. Here is where the negative or print of the picture for a Christian citizen takes form, shape, and focus. The hymn of the early Christian community describes the spirit and function of such a meaning, as found in Philippians 2:3–8 (RSV):

Do nothing from selfishness or conceit, but in humility count others better than yourselves. Let each of you look not only to his own interests, but also to the interests of others. Have this mind among yourselves, which you have in Christ Jesus, who, though he was in the form of God, did not count equality with God a thing to be grasped, but emptied himself, taking the form of a servant, being born in the likeness of men. And being found in human form he humbled himself and became obedient unto death, even death on a cross.

Involvement with the world! That's our task, with Jesus leading the way, even if it means the road of humility. Even if it means walking among men who try and try to put you down—even put you down. Even if it means that some will listen and mutually share, though others may laugh you to scorn. To become, with the meaning of life for self and others in every dimension and area of life, is the existential posture and way of faith for the Christian citizen. As the great German Christian, Martin Niemoller, both in personal and ecumenical commitments, solemnly vowed, so must we never let our involvement be the bondage of silence: "In Germany they came first for the Communist . . . the Jews . . . the trade unionists . . . the Catholics, and I didn't speak up because I was a Protestant. Then they came for me, and by that time no one was left to speak up" (Robert D. Linder and Richard V. Pierard, Politics: A Case for Christian Action, Downers Grove, Ill.: Inter-Varsity Press, 1973, (p. 124).

This message is not given to say that each of us must become what we call "politicians." However, it is to announce the meaning of the Bible and Christian faith to and about the world we live in, the kind of life we must have together, and the necessity that Christian people are to be "servants." This is what God has done for us through Jesus, and we who follow can do none other than follow. This is our profile: Belief in the Biblical message, Active in the world in which we live, and living a life of personal and cooperate integrity.

To sum it all up, may we remember the words of Micah 6:8: "What is it, O man, that the Lord requireth of thee, but to seek mercy, to do justly, and to walk humbly with thy God?"

CUBA

Mr. KENNEDY. Mr. President, in recent days, the Inter-American Commission on Human Rights has issued a scathing report on the condition of political prisoners in Cuba. The continued refusal of the government of Cuba to permit objective international organizations to visit maximum security areas and interview prisoners privately continues to disturb many Americans.

The report much of it based on letters and documents smuggled out of the country, detail individual violations of human rights as well as the continuing failure of the Cuban government to cooperate with the Commission.

Nor is the Commission alone in its having been ignored by the Cuban government. The International Red Cross, which simply has sought to obtain access to prisons to carry out its humanitarian obligations, and Amnesty International have had their requests to enter Cuba rejected.

Members of my staff who visited Cuba urged the Cuban government to permit international organizations such as the International Red Cross, Amnesty International, and the International Commission on Jurists to enter Cuba and to visit political prisoners, including those in maximum security areas. While they themselves were permitted to visit prison work camps where conditions appeared adequate, the maximum security areas could not be inspected.

In the process of normalization of relations, it is evident that a tremendous concern exists and the negotiating process inevitably must include the condition of human rights and the condition of political prisoners.

I ask unanimous consent that several articles be printed in the Record including one by Frank Calzone, who has been a spokesman for the Cuban-American community with regard to pressing for release and more humane treatment of political prisoners in Cuba.

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

[From the Boston Sunday Globe, June 20, 1976]

OAS CRITICIZES CUBA ON JAIL CONDITIONS

(By Fletcher Roberts, Globe Staff)

WASHINGTON.—Jose Luis Prado was condemned by the Cuban Revolutionary Tribunal on Jan. 7, 1961, and confined in the prison on the Isle of Pines in the province of Pinar del Rio.

During a 10-month period in 1967, he and nine other prisoners were confined to a single cell six feet by 12. They were kept completely nude and, on one occasion, Prado went 72 days without being permitted to bathe.

On Jan. 6, 1970, Prado was told by prison authorities that he would be allowed to see his ailing mother. While he readied himself for the visit, a guard attacked him with a baseball bat. He tried to escape, but was shot at point-blank range by a second guard.

Seventeen years after the revolution, Cuban jails still bulge with political prisoners. Premier Fidel Castro admits that there are still 5,000 political prisoners from the first six years of the revolution in jail.

As many as 15,000 more prisoners have reportedly been taken since 1965 for crimes with political overtones.

The Inter-American Human Rights Commission recently issued a report decrying the alleged mistreatment of political prisoners in Cuba since 1970. The case above was taken from this report.

The report, the fifth since the commission was set up in 1960, notes that numerous communications from individuals and organizations provide a "solid basis" for the belief that Cuba treats its political prisoners with "complete disdain."

Complaints received by the commission allege that prisoners in Cuba are often subjected to extreme physical and psychological cruelty, lack of medical assistance and adequate food. The report lists the names of more than 450 persons it says are in need of medical attention inside of Cuban jails.

The complaints further allege degrading conditions, forced labor, solitary confinement, prohibition of visits and measures to force acceptance of political indoctrination.

The report does not, however, identify the sources of the complaints.

The commission, a branch of the Organization of American States, said it had forwarded many complaints about the mistreatment of prisoners to the Cuban government, but has never received a reply. Cuba has withdrawn from the organization.

Castro apparently is unconcerned. He has discussed political prisoners with American journalists on only two occasions in the past 12 years. Several humanitarian groups, including the International Red Cross and Amnesty International, have repeatedly sought to inspect Cuban prisons to no avail.

"Frankly, Cuba hasn't replied to our letters," Amnesty International spokesman Mark Grantham told the Miami Herald.

The State Department concludes that Castro's unresponsiveness on the matter is founded on the belief that political prisoners inside Cuba are a strictly internal affair.

[From the New York Times, June 13, 1976]

PRISONERS OF CASTRO

International agencies, official or private, that try to monitor human rights violations around the world are often accused of concentrating their fire on right-wing governments and ignoring abuses by Communist regimes. The truth is that Communist rulers are often more ruthless and more effective in maintaining closed societies; and documented information from those countries is difficult to acquire.

The Inter-American Human Rights Commission has just effectively answered charges that it is concerned only with rights violations by conservative governments with an 83-page report charging Fidel Castro's Cuba with "cruel, inhuman and degrading treatment" of political prisoners. In its first document on Cuban conditions in six years, the commission said it had forwarded many complaints about abuse of prisoners to the Castro Government but had never received a single reply.

When a government ignores its queries, the commission says it "presumes the allegations to be true." The report was completed too late for the agenda of the Organization of American States meeting in Chile, though Secretary Kissinger commented there that the document "confirms our worst fears of Cuban behavior."

Publication of the report will doubtless provoke another round of savage attacks by Havana against the parent O.A.S. But far more convincing than Castroite oratory would be an offer to allow the Human Rights Commission to come to Cuba to investigate the charges freely. The Cuban report, along with others in Chile and the entire hemisphere, underscores the impartiality of the Human Rights Commission and reinforces its mandate.

[From the New York Times, June 12, 1976]

RIGHTS UNIT APPEALS TO HAVANA TO END 'DISDAIN' FOR PRISONERS

Washington, June 11 (AP)—The Inter-American Human Rights Commission has appealed to the Cuban Government to take immediate steps to end what it calls "cruel, inhuman and degrading" treatment of political prisoners.

In a report, the commission says that numerous communications from individuals and organizations provide a "solid basis" for the belief that Cuba treats its political prisoners with "complete disdain."

Complaints received by the commission allege that prisoners in Cuba are often victimized by extreme physical and psychological cruelty, lack of medical assistance and adequate food. They allege degrading conditions, forced labor, solitary confinement, prohibition of visits and measures to force acceptance of political indoctrination. The commission declined to identify the sources of the complaints.

The commission, a branch of the Organization of American States, said it had forwarded many complaints about mistreatment of prisoners to the Government of Fidel Castro but never received a reply. Cuba withdrew from the organization but is still technically a member.

The report is the first by the commission on Cuba in six years but it was completed late last month, too late for consideration by the current meeting of the organization's General Assembly in Chile.

In a speech to the O.A.S. meeting on Tuesday, Secretary of State Henry A. Kissinger said an initial review of the report "confirms our worst fears of Cuban behavior." He praised the commission's efforts to find the truth despite "a total lack of cooperation from Cuba."

[From Dissent, Summer 1976]

HOW MANY PRISONERS DOES CASTRO HOLD?

(By Frank Calzon)

". . . A triumphant revolution has to use repression because with its triumph the class struggle does not end. . . . We have no mercy for those who take weapons against us; it does not matter if they are weapons of destruction or ideological weapons. . . ."
—Ernesto Guevara, *El Mundo* (Havana), October 1, 1963

Among those who have studied the Cuban revolution, few have focused on the tens of thousands of people in prison for "political crimes." Last March the *Journal de Genève* reported some 50,000 "political" prisoners. Estimates of the number of prisoners are difficult to obtain and the Cuban government is reticent to release such figures or allow international organizations to visit its prisons.

In mid-1965 Premier Castro acknowledged that there were close to 20,000 political prisoners in Cuba. Lee Lockwood, not unsympathetic to the Cuban Revolution and author of *Castro's Cuba, Cuba's Fidel,* indicated that the number "was still growing . . . in spite of the fact that counterrevolutionary actviity has been slackening gradually since the Missile Crisis."

Other estimates fluctuate around the 50,000 figure. The *New York Times* estimated 40,000 back in 1967; that same year Marino de Medici, an Italian journalist who visited the island, wrote that there were 50,000 in the regular political prisons, and an additional 80,000 in "work camps." Professor Edward Gonzalez, an American scholar at

UCLA who also has visited Cuba, reported in 1974 that there were between 25,000 and 80,000; and the *Washington Post* published a 25,000 to 50,000 estimate on June 1, 1975.

Relatively few figures of the old Batista regime are still in jail. Most of them either were dealt with by firing squads or fled the island immediately after the collapse of the old regime. Although not a homogeneous group, the political prisoners are a different sort than the grizzled old reactionaries often stereotyped in pro-Castro literature—prisoners range from Fidel's former comrades in the 26th of July Movement to young peasants who were infants when Castro took over.

Enough information has filtered out from the island, so that the International Rescue Committee, the International League for the Rights of Man, the Inter-American Commission on Human Rights, and Amnesty International have been able to assess the situation.

In a statement this past summer, the respected International Rescue Committee pointed out that "Conditions in the prisons have been described as dismal and worse. Lack of food, lack of water, lack of medical attention, lack of space, and brutal treatment have frequently been reported." The IRC also explained that "what is most appalling in the case of Cuba's political prisoners is the unconscionable length of incarceration."

The Washiington Post reported last June that letters from prisoners received in this country charged that "some Cuban political prisoners who have completed their terms have been 'resentenced' without ever leaving custody." The Post cited the case of Oracio Giordano Orta Gómez, who managed to send to his brother a handwritten copy of his sentence extension, which, the document explains, is a result of his "postcriminal dangerousness" and a type of preventive detention. According to the new sentence, passed by an administrative court, Gómez "had been in punishment cells at various times" for refusing to wear the blue uniform of the rehabilitation plan (a program that sometimes entails attending political indoctrination classes) and for participating in hunger strikes. In answer to this last charge, Gómez wrote in a letter smuggled out of prison:

". . . Only on one occasion did I participate for two days in a hunger strike. I was one of 11 prisoners who were held naked in a locked cell with no lights and in a space of 8 handbreadths by 12 hand-breadths, for a week before we took this decision. . . . And of course we had to defecate squatting over a hole with only the privacy that the darkness of the cell provided. . . ."

The Washington Post also mentioned the case of former student leader Pedro Luis Boitel, a leader in the underground against the Batista dictatorship and an opponent of Castro's takeover of the University of Havana.

Boitel's case became a *cause célèbre* for the Inter-American Commission on Human Rights, a group attached to the OAS, which had made appeals to the Cuban government since 1965 to save his life:

". . . In May 1972, the Commission was informed that Pedro Luis Boitel, still a prisoner in the El Principe Castle in Havana, was seriously ill as a result of maltreatment and torture to which he continued to be subjected. . . . On May 28, the Commission received a communication informing it that he had died in prison. . . ."

About this same case, the National Catholic News Service reported that

". . . He was beaten, tortured with bayonets and denied food and medical attention. . . . He weighed 70 pounds at death. Last April prison officials damaged his spine during beatings, besides inflicting bayonet wounds. When he went on a hunger strike to protest, he was transferred to a security cell and told 'this time we will let you die, no doctors.' "

In calls to the United States, his mother, Mrs. Clara Abrahantes viuda de Boitel, who had also wired Pope Paul begging him to intercede, sought help from the International Red Cross and other world organizations. Boitel died in prison, without receiving medical attention, while his fellow prisoners rioted, burning their mattresses in a futile attempt to save his life. None of his friends or fellow prisoners was permitted to attend Boitel's funeral; he was buried in secret.

Reports on widespread use of torture in Cuban prisons have appeared ever since the consolidation of the Castro regime. In the May–June 1970 *Dissent* appeared an appeal to the United Nations by 47 prisoners at La Cabaña Fortress, in which they wrote of murders, beatings, mental torture, and human experiments. In June 1971 *Paris Match* reported that the Cuban government was using "gavetas" or lockers, cells two feet wide, six feet long, and seven feet high, in each of which are held three prisoners.

In 1973 Amnesty International reported that Cuba was engaging in systematic torture in a pamphlet on the worldwide "torture epidemic." And in March of 1975 this London-based organization began a campaign, calling on its members to write to Fidel Castro in support of Huber Matos, a former leader of the 26th of July Movement and provincial commander in Castro's rebel army. Matos had been sentenced to 20 years in 1959 for resigning his commission and writing to Castro, warning of a Communist takeover of the Revolution.

According to a document presented by Mrs. Maria Luisa Matos to the Commission on Human Rights of the United Nations in Geneva last March, her husband

". . . was condemned to 20 years in prison because he disagreed ideologically with the leader of the ruling government in Cuba. . . . He has been kept incommunicado for periods of more than one year. He has been the victim of countless abuses and humiliations. Because he refused to accept a program of indoctrination he was forced to live completely nude for two years. In February of 1970 he was isolated in a dark cell with a small window covered with a heavy cloth, sewn to the bars. I do not know if that situation persists since for the past five years he has not been allowed to receive visitors."

One surprising fact is the high percentage of young men and men of rural backgrounds among the prisoners. René Dumont in *Is Cuba Socialist?* mentioned one such case:

"A young sentinel guarding some new rice plantings had one night let cows graze amidst them, and Castro wanted to have him shot. He was restrained with difficulty by being reminded that the grazing would in fact encourage the plant growth. Once over his rage, he agreed to have the sentence changed to 15 years on a prison farm."

Although initially the revolution had the support of the rural population, in the early '60s, when the government reneged on its word "to give land to the toilers," the regime began to have difficulty in enforcing its collectivization policies. In 1967 Lee Lockwood, in his very favorable account of the Revolution, pointed out that ". . . the majority of the internees are not, as one might assume, men of urban backgrounds, but 'campesinos,' peasants from the mountains and the outlying rural areas. Most are serving terms ranging from two to twenty years. . . ." Since then, the revolutionary leadership has tightened its controls, prohibiting the peasants from slaughtering their animals and requiring that their crops be sold to the government.

Regimentation of the union movement caused resistance among workers and produced a spate of political prisoners over the last 15 years. David Salvador, one-time leader of the Camaguey sugar workers and secretary-general of the CTC (Confederation of Cuban Workers) for the first year of the revolution, has not been heard of since his arrest on November 5, 1960.

The application of government labor decrees has also contributed to the number of politically oriented "crimes" in Cuba. Since 1970 the regime has enacted a series of decrees punishing "absenteeism" and "loafing." The government also has introduced the "worker's biography," a type of labor passport that records a worker's behavior, attitudes, and production quotas. This document is to be kept for every worker at his work place and required for any job transfer.

The Cuban prison system is a source of forced labor along the Stalinist model. Besides the "maximum security prisons" there are dozens of other establishments, including prison farms and work camps.

In every province there are also the "open fronts," composed of traveling brigades. In Havana alone there are eight "fronts." Prisoners are used for many construction projects, doing many hours of "voluntary work" in the hope of an early release. These brigades are composed for the most part of young people who for one reason or another have fallen into disgrace. Ironically, these very units have built many of the revolutionary "showcases" displayed on guided tours of the island.

A particularly painful issue is the plight of women in prison. In 1967 the Inter-American Commission on Human Rights reported that

"the treatment they receive, in addition to being inhuman, violates all pertinent treaties . . . over 350 of these, suffering from serious ailments, particularly tuberculosis, are deprived of medical care . . . some have given birth in their prison cells, and several have died of hemorrhages and infections."

A letter from a former Cuban political prisoner, printed by the Washington Post on July 8, 1975, stated that there was a group of women political prisoners on a hunger strike at the America Libre (Free Americas) Prison Farm, Wajay, Havana. They had been transferred from La Cabaña Prison, and "at least two of them, Doris Delgado and Ana Lazara Rodriguez, need medical attention."

The International Rescue Committee in a statement presented at a congressional hearing last summer pointed out that

"women prisoners who have refused to submit to reeducation were being held at Farm "El Nuevo Amanecer" (New Dawn) at Punta Brava in Havana. . . . Many women who have refused to be reeducated are victims of the Cuban version of Gulag Archipelago, among them as of January of 1975 were Clara Alonso, Maria M. Alvarez, Zoila Aguila, Albertina O'Farril at El Nuevo Amanecer; Miriam Ortega, Bertha Aleman and Esther Campos at Havana; and Doris Delgado and Mercedes Pena at the Boniato Prison in Oriente. . . ."

Groups who in another context might not be considered "political prisoners," but who have been singled out by official policy as threats to the Revolution, are members of Jehovah's Witnesses and other minor religious sects, and homosexuals. The Witnesses were denounced at the First National Congress on Education and Culture (1971), and the year before last they were finally declared illegal and their churches closed. They are kept in separate camps in order to prevent them from proselytizing among other prisoners.

Homosexuals received early attention during the mid-1960's with the creation of special units, at one time called UMAP (Military Units for Aid to Production) that, according to Jose Yglesias in the *New York Review of Books* (June 3, 1971), were created

". . . to include only young men of draft age whose moral outlook did not in the eye

of the authorities make them fit for regular military duty. The units became a catch-all for homosexuals and other undesirables and in fact functioned as prison camps."

Since then the UMAP camps have been abolished, perhaps because of their exposure in the foreign press, but the official policy remains as enunciated in *Granma*, the official organ of the Cuban Communist party on May 9, 1971: "... the pathological character of homosexual deviations was recognized ... all such manifestations are to be firmly rejected. ..."

The continuing imprisonment of homosexuals—now in regular camps—cannot be excused, as some have attempted to do in the U.S., by blaming the "machismo mentality." The fact is that in spite of social pressures, before the Revolution there was never a systematic massive repression of homosexuals in Cuba.

One final aspect of the prison problem is a result of the intellectual policy of the regime. Cuban intellectuals are free to write as long as they remain subservient to the Revolution. The situation, however, was somewhat fluid until 1971, when a more strict cultural policy began to be enforced with the arrest and recantation of the poet Heberto Padilla (see *Dissent*, Spring 73). Padilla's imprisonment for writing "counter-revolutionary poetry" and his confession prompted a group of intellectuals including, Susan Sontag, Jean-Paul Sartre, Octavio Paz, Alberto Moravia, and Simone de Beauvoir, to write to Fidel Castro expressing their "shame and anger" and begging Castro "to spare Cuba ... the repressive system that Stalinism imposed in the socialist countries. ..."

The Cuban cultural scene can be divided into a pre-Padilla and a post-Padilla period. The post-Padilla period has been marked by the imprisonment of a growing number of younger intellectuals and the subsequent clandestine publication of a Cuban version of *samizdat*. In La Cabana Fortress, Miguel Sales, a 24-year-old poet, has written about the creation of "a new socialist man." According to Sales: "through the streets of my old Havana, has never walked this new man."

Other underground poems have been written by men and women too young to have participated in the revolutionary movement of the late 1950s:

Beware of those who grow in obscurity
and carry worlds underneath their eyelids. ...
Beware of those who did not see you make
the earth,
nor distribute worlds, or punish angels.
Those unaware of your beards' mythology
who have not seen the death rays
flowing from your rifles. ...

Whether it be poets or peasants, idealistic revolutionaries or iconoclastic youths, the prisons and work camps of Cuba will probably continue to add to their number as long as the wishes of large sections of the population are ignored. Each new government program, decreed from above and without an opportunity for free discussion among the people, has brought in its wake a new influx into Cuba's political prisons.

[From the New York Times, June 13, 1976]

PRISONERS OF CASTRO

International agencies, official or private, that try to monitor human rights violations around the world are often accused of concentrating their fire on right-wing governments and ignoring abuses by Communist regimes. The truth is that Communist rulers are often more ruthless and more effective in maintaining closed societies; and documented information from those countries is difficult to acquire.

The Inter-American Human Rights Commission has just effectively answered charges that it is concerned only with rights violations by conservative governments with an 83-page report charging Fidel Castro's Cuba with "cruel, inhuman and degrading treatment" of political prisoners. In its first document on Cuban conditions in six years, the commission said it had forwarded many complaints about abuse of prisoners to the Castro Government but had never received a single reply.

When a government ignores its queries, the commission says it "presumes the allegations to be true." The report was completed too late for the agenda of the Organization of American States meeting in Chile, though Secretary Kissinger commented there that the document confirms our worst fears of Cuban behavior."

Publication of the report will doubtless provoke another round of savage attacks by Havana against the parent O.A.S. But far more convincing than Castroite oratory would be an offer to allow the Human Rights Commission to come to Cuba to investigate the charges freely. The Cuban report, along with others on Chile and the entire hemisphere, underscores the impartiality of the Human Rights Commission and reinforces its mandate.

[From The Miami Herald, May 23, 1976]

CASTRO'S JAILS: STILL BULGING 17 YEARS LATER

(By Frank Greve and Miguel Perez)

With a spoon and a piece of wire Laureano Valdes extracted his teeth because dental care is negligible in his prison. He contracted tetanus.

Laureano's brother, Secundino Valdes-Gallardo, a janitor at the Lindsey-Hopkins building in downtown Miami, reads the news in a letter smuggled from Cuba.

Marta Valladarez learns from Cuban friends that her husband, Armando, stricken with polio while in prison, recently has seen a doctor. The doctor prescribed a proper diet but Armando isn't getting it in prison.

Much news about political prisoners passes through Miami's Cuban exile underground and mostly it's dismal. Thus comes the report that Rolando de Vera has completed his 12-year sentence for unspecified crimes against the security of Cuba. But he has been sentenced to three more years because he refused to work as a prisoner.

Seventeen years after the revolution, Cuba's jails still bulge with political prisoners. Premier Fidel Castro says 5,000 still are held from the revolution's first six years. Most neutral observers agree. But they add perhaps 15,000 prisoners, taken since 1965 for crimes with political overtones. Within Miami's exile community, where political emotion simmers on minor issues and boils on the subject of political prisoners, estimates sometimes rise above 100,000.

No matter the number, most adults in Miami's 400,000-plus Cuban exile community know somebody who is, or was, a Castro prisoner. That's not surprising. More than 100,000 persons were held at least briefly after the Bay of Pigs invasion in 1961. Most of those who could later fled to Miami.

Editorialists in Latin media lionize the prisoners still held. Rival committees seek their release through invasion of Cuba and counter-revolution or, alternatively, through amnesty or ransom negotiated with the man one group calls "Dr. Castro."

Castro has shown neither interest nor alarm. On only two occasions in the past 12 years has Castro discussed political prisoners with American journalists. Both the international Red Cross and Amnesty International, a respected, studiously neutral, London-based advocate of the world's political prisoners, have sought repeatedly to inspect Cuba's prisons.

"Frankly, Cuba hasn't replied to our letters," says Amnesty International spokesman Mark Grantham.

Cuba didn't respond to Herald inquiries either. When letters to Prensa Latina, the Cuban information agency, and the Foreign Affairs Ministry gained no response, Prensa Latina spokesman Carlos Mora was called. He promised comment in two days. Mora was out of town, the receptionist said when The Herald called back. Three days later he was still gone. Two days later he was said to be in the Soviet Union. Other officials at Prensa Latina and the Foreign Affairs Ministry would not answer calls from The Herald.

Repeated allegations of mistreatment of prisoners, pressed by human rights subcommittees of the United Nations and the Organization concludes the allegations are verified by Cuba's unresponsiveness. The U.S. State Department concludes that Castro considers his political prisoners a strictly internal affair.

From a month's interviews with scholars, intelligence sources, recent visitors to Cuba, Cuban ex-prisoners and American ex-prisoners held for nonpolitical crimes in the same jails, The Herald has concluded many mistreatment allegations appear to be true. Two corroborating, detailed confirmations from neutral or pro-Castro sources were required when reports of mistreatment came from ardent anti-Castroites.

Among the strong verified allegations:

In 1974, 44 leading die-hard anti-Castro prisoners were denied food and medical attention for almost two months as a disciplinary measure. That's when Armando Valladares and five other prisoners contracted polio, a disease malnourishment can abet. The 44, held at La Cabana prison in Havana, had led numerous hunger strikes and some were known to have successfully smuggled letters from the prison to anti-Castro exiles in Miami.

Two other groups of prisoners have been denied all visitors for the past seven years. "His wife divorced him and then remarried," says a Miami relative of one of those prisoners. Bitterness and understanding are both in her voice.

Prior to 1972, prisoners were sometimes executed without trial or while their cases were under appeal. Mercedes Rojas, 73, attended her son's trial March 9, 1961. From 3 a.m. to 4 a.m. on March 10, she talked with him. Mrs. Rojas heard him executed as she walked away from the prison.

Prisoners on hunger strikes have been allowed to die and other prisoners have died of natural causes exacerbated by poor medical treatment. Pedro Luis Boitel, once a Castro supporter, then an anti-Communist, then a Havana student leader, weighed 80 pounds when he died in June 1972. He starved and probably wanted to. "Boitel'd (would) pull out the serum needles as soon as they got them in his arms," says a Miami ex-prisoner held with him. Boitel had finished his sentence two years before he died, but he wouldn't recant and wasn't released.

Some prisoners are held for years without trial. "Like I remember this one guy, a Batistiano," recalls a prisoner released in 1975, "he'd been arrested in 1969 for a 1953 crime and didn't get tried until 1972."

Some prisoners are kept in cells totally without toilet facilities, inadequately fed, inadequately attended medically, granted only two to three hours of outdoor exercise monthly. "He has his ideals," says the Miami mother of a prisoner reportedly held in this group. "He must be crazy though, because only a crazy person could stand those things."

All allegations are believed to have involved prisoners who refused to work or attend indoctrination classes in Cuban communism.

Not all the mistreatment claims checked out. Recently released prisoners say beatings of political prisoners are rare and generally provoked by some kind of resistance. Miami anti-Castroites say beatings are frequent and gratuitous. They say food and medical attention haven't improved since the '60s,

for prisoners who refuse to work or recant. Recent releases say conditions have improved for all.

Fervently disputed are the numbers of political prisoners. The U.S. State Department says 20,000. The National Council of Churches says 10,000. The International Rescue Committee uses the figure 20,000. Nobody really knows. Anti-Castroite estimates soar because their definition of political prisoner includes anyone acting from presumed political beliefs. Humanitarian agencies exclude persons who used or advocated violence and prisoners of conscience, like draft resisters. Some anti-Castroites include the entire noncommissioned army because it is made up of draftees. But pro- and anti-Castroites agree that about 5,000 prisoners are still held from the first years of the revolution.

In a speech last July, Castro said of the 5,000: "3,000 are already in rehabilitation camps and 2,000 remain in hard-core prisons. It is our hope that by 1980 all of the political prisoners who have shown good behavior will be released."

Those 2,000 concern Miami exiles most. Prisoners who work and attend indoctrination classes are paid $40 to $100 a month, allowed frequent visitors, fed well and, for exemplary behavior, allowed weekend passes to see their families. Prisoners who won't yield see none of the leniency.

Since late 1971 prisoners who "maintained a reactionary stand in regard to the Revolutionary Process,"—as one transcribed trial document terms it, have been subject to "post-offense security measures." Translated, that means prisoners who finish their sentences without working or accepting indoctrination remain in prison until they recant. So exceptions appear to be made for the old and ailing.

A Harvard scholar who studied 27 authoritarian regimes in terms of the number of political prisoners taken as a proportion of population, and their length of imprisonment, concludes that only Albania greatly exceeds Cuba in repressiveness against dissenters. Cuba's treatment is most comparable to Romania's, found Prof. Jorge Dominguez of the Harvard Center for International Affairs. His study used government statistics or those of neutral diplomatic or church sources.

Dominguez found that Cuba held 259 prisoners per 100,000 population in 1965 and in 1974 still held 44. By comparison, Romania held 242 in 1950 and 10 years later still held 65. For Cuba in 1974 he used the ultraconservative statistic of 4,000 political prisoners. Cuba's population then was about 9.2 million.

Dominguez terms the Cuban repression "very severe by worldwide standards." Of Chile, presently under heavy attack for treatment of political prisoners, Dominguez observes: "There's no comparison. The Chilean rate of imprisonment, two years after the big round-up of dissidents is about equal to the Cuban rate after more than 15 years." Chile, says Dominguez, held 391 prisoners per 100,000 in September 73 and by December 1975 held only 47.

"What's hardest for us to understand," says Dr. Humberto Medrano, leading Miami advocate for Cuban prisoners, "is how free Americans can be indifferent to these horrors 90 miles offshore." Medrano, and other exiles, have been especially critical of the U.S. press, including The Herald, for failing to report fully about the Cuban political prisoners.

Medrano, publisher of a Havana newspaper confiscated by Castro in 1959, pleads his case weekly in a column in Miami's Diario Las Americas and has pressed it also before the Interamerican Human Rights Commission in Washington, the U.N. Subcommission on Human Rights in Geneva and Amnesty International.

With what results?

Medrano pauses, sighs, and says: "None."

"Our problem is data and verification," says Amnesty International's Grantham. "It's as difficult to get information out of Cuba as it is from North Korea or Uganda."

If mistreatment allegations are true, he explains, Cuba is in violation of the U.N. Universal Declaration of Human Rights to which all U.N. members, Cuba included, are committed. The declaration "doesn't say what happens if these rights are denied," however. "The declaration is no more than a moral agreement and there's no teeth to it, no enforcement machinery."

Washington's interest in Cuban political prisoners peaked in 1962 with the release of 1,193 Bay of Pigs prisoners for $55.9 million in drugs, medical supplies, baby food and powdered milk. Presently Congress is divided. Conservatives like Sen. Richard Stone (D., Fla.) oppose relations with Castro and use the prisoners to make the point. Liberals like Sen. Edward Kennedy (D., Mass.) feel U.S. leverage on prisoners can come only after relations between the two countries are normalized.

A net result: Capitol Hill's apparent top expert on Cuban political prisons is Kay Stubbs, 24, a second-year law student and intern for the House Subcommittee on International Organizations. Ms. Stubbs estimates she's spent three hours a week on the matter since April.

The issue of Cuba "is not now an active issue in terms of U.S. foreign policy," then-assistant secretary of state for inter-American affairs William D. Rogers explained last December. Therefore, Cuban political prisoners "are a back-burner issue," says a well informed State Department source. When might it heat up? "After we get a face-to-face dialogue going?" Administration interest in a thaw in the Caribbean Cold War has dropped as conservative Republican Ronald Reagan's fortunes have risen.

Who are the prisoners still held?

Most senior are onetime Batista supporters taken in 1959. His death sentence commuted 30 years for unknown reasons, Felipe Mirabal, second in command of Batista's national police, remains in prison.

Next came fellow revolutionaries who rejected Castro's communism. Maj. Huber Matos, once Castro's military chief for Camaguey Province, resigned his commission in 1959 because he wanted the free elections Castro didn't. Matos, probably the single most famous prisoner still held, was sentenced to 20 years for counter-revolutionary activities.

Influential subverters of the regime—students, academic professionals, labor leaders and journalists followed. Then anti-Castro resistance leaders, both U.S.-backed and independent.

While most would-be saboteurs were executed on the spot or sentenced to death by Revolutionary Tribunals, some survived. Caught with an arms cache, two co-conspirators of Tomas Fernandez Travieso were executed in 1961. He survived because he was a juvenile. Now 31, Travieso remains in prison.

One fact is clear: very few of the remaining prisoners have ever killed anyone. Revolutionary tribunals of the regime's early days, says American journalist Lee Lockwood, "meted out justice with a vindictive severity reminiscent of the Reign of Terror in revolutionary France." Estimates of the dead range upward from 5,000. Lockwood was trusted enough for fairness by Castro to be permitted indepth interviews with the Cuban premier in 1966.

Since 1965 perhaps 15,000 prisoners have been taken for crimes with varying degrees of political implication. They include would-be exiles caught fleeing without emigration papers; shopkeepers who resisted state takeover and became black-marketeers; farmers who resisted taking of their land for state farms; industrial saboteurs. whether intentional or merely convicted and persons charged with aiding counter-revolutionary exiles in Miami. Their crimes range from smuggling letters to conspiracy to flee Cuba.

Most have been sentenced to stiff but shorter terms than the old-line resisters. An exception is Miguel Sales, 25. He escaped Cuba in July 1974, visited his parents in Hialeah, and returned to Cuba with two friends 17 days later to pick up his wife and daughter. So Sales told friends.

When intercepted at sea, Sales and his companions were armed with two rifles, a pistol and two hand grenades. Friends said they were for personal protection. Alpha 66, one of Miami's oldest anti-Castroite groups, claimed the trio was on a mission to pick up escaped political prisoners. Later Alpha 66 withdrew its statement. On Nov. 13, 1974, the trio was sentenced to 30 years as "agents of Yankee imperialism."

Sales, a poet, left his mother, Aida, a collection of poems. "To read them is to cry," he says.

Governments are less easily moved than parents.

In a fall 1975 conversation with Cuban Supreme Court Justice Dr. Mario Ugidos, Barry Sklar, a U.S. Library of Congress Cuba specialist, brought up the political prisoner question.

Dr. Ugidos alleged the remaining prisoners were "hard-line Batistianos," Sklar recalls, and claimed they were "buoyed up by reports they receive from their exile supporters that the Castro government is in trouble and one day will be toppled." According to Sklar, Ugidos said that hope "has given this group of prisoners the strength to resist rehabilitation programs and eventual freedom.

Not so for him, Maj. Huber Matos wrote his wife in a smuggled letter that reached her in Elizabeth, N.J., in March 1975. While some prisoners hope for liberation, Matos wrote, "I have a presentiment—no, something more than a presentiment—I am practically convinced that I shall spend my last days in these barred corners. But such a prospect does not take away a drop of my enthusiasm for life. There is no joy in my heart; neither do I mourn."

Matos, 57, is known to have been offered amnesty if he would renounce his anti-Castroism.

"You wake up sometimes at three o'clock in the morning and it seems unbelievable and unbearable," says Huber Matos, Jr., 31, who manages the Swiss Chalet restaurant in San Jose, Costa Rica.

"When I break down, I think of him. He is strong; he's not crying in there. He's in for what he believes.

"So when I suffer, I don't suffer like an old lady. I suffer because I don't hear him and I miss him. But I know he's right to be in there and I support him completely."

Huber Matos, Jr. sounds cheerful * * * thing as someone protesting on a street-corner and being thrown in jail.

Does Ms. Levinson know the particular cases of the three?

"No."

According to Amnesty International, respected neutral advocate for political prisoners, Pablo Ricardo Valerio Castellanos Caballero, Emilio Adolpho Rivero Caro and Carlos Betancourt Rodriguez are still in prison, Rivero is said to have been offered liberty if he would renounce his anti-Castroism. Castellanos, 55, reportedly suffers from a serious heart condition.

Rolando Perez Cerezal, 37, an unemployed Miami truck driver released from prison in 1973, has a sad hobby. He collects the names of Cuban prisoners, pressing his memory of 12 years in jail and the memories of his friends. His head and dreams, he says, are full of faces he can't name.

How many names does he have?

Perez's wife, Lilia, herself an ex-prisoner, goes to a closet of their small apartment. From a top shelf she pulls down a gray plastic file that says "Pedigree File and Recipe Box" on the outside. It's jammed with cards. Perez extracts a fist-full and starts reading them in a droning voice. Name, case number, sentence, location; name, case number, sentence, location . . .

The effect is stunning. Lilia smiles grimly. She reaches into the closet and produces another four-inch pack of cards, bound with a thick rubber band. Then she produces a third. Seven-hundred names in all.

Another conversation comes to mind. A soft-spoken ex-prisoner, asked who the real martyrs in political prisons were, had said: "The ones nobody's ever heard of."

[From the Miami Herald, Sunday, May 23, 1976]

THEY CAN'T BE HELPED, BUT AREN'T FORGOTTEN

(By Frank Greve and Miguel Perez)

The night that still gives Benito Candelario nightmares is the night he entered prison.

"August 30, 1962." Sixteen months after the Bay of Pigs invasion, two before the Missile Crisis. "As they took me in I heard the firing squad executing one after the other. They shot them about 15 minutes apart," says Candelario, 51, a maintenance man at Austin Ford.

"Please, a piece of paper," asks Alfredo Garcia-Menocal, 48, a Coral Gables real estate salesman, like Candelario a member of the Association of Ex-Political Prisoners of Cuba.

He sketches quickly the harp-shaped layout of La Cabana prison in Havana. "It happened here," says Garcia-Menocal, making a dot at the diagram's sharpest angle.

"At first the ones about to die shouted for God's blessing," says Candelario. "Then they gagged them. It lasted until three or four o'clock in the morning."

Garcia-Menocal stares at his sketch, meanwhile, tracing the dot, making it grow, until it blots the paper.

Other ex-prisoners recall vast dynamite charges planted around the five pavillions of the Isle of Pines prison in 1962. Premier Fidel Castro had expected an invasion during the Missile Crisis. The explosives were to make the penitentiary's 7,000 prisoners hostages against their would-be liberators.

And other ex-prisoners recall the beatings and deaths of the first forced labor programs.

"The prison commandant called in our leaders. He said he had carte blanche to kill the first 25 prisoners to make the program work. When he wanted to kill the 26th, he said, he'd have to call Havana."

The program ended in 1967, replaced by an institutional alternative. Now prisoners who won't work, except for the old or ailing, remain in prison, even after their sentences are complete, until they yield. The Isle of Pines prison is now a school. Executions of political prisoners have stopped. Where Castro once held an estimated 30,000 to 50,900 political prisoners in maximum security jails, he now holds perhaps 5,000. The most recalcitrant are in La Cabana and Guanajay in Havana Province and Bonito in Oriente Province. Others are held in provincial jails and work camps throughout Cuba. What can be done for them?

Rodolfo Capote, president of the association, says his group's goal is "to create the conditions for the fight to return to our country." The ex-political prisoners group has $200 in its treasury.

The opposite strategic approach is taken by the Committee of Relatives of the One Hundred. Fernando Bendoyro and his wife are willing to take a second mortgage on their home at 11762 SW 31 Terr. if cash can free her ailing brother, Migual, from Boniato prison.

Dr. Jorge Roblejo, executive director of the committee, recently announced that his group had offered Castro $100 million in food and medical supplies in exchange for the release of an undetermined number of prisoners. The committee has $800 in its treasury. Since Roblejo first voiced optimism about a prisoner exchange, 11 years have passed. In that period, the committee has brought his cousin to the United States and, Roblejo claims, 15 to 17 ex-prisoners whose names he cannot remember.

The conclusion is easy, and wrong, that Cuban political prisoners are of receding significance. In 10 random interviews of exiles at bus stops, street corners and in luncheonettes, four had friends thought among Fidel Castro's prisoners. Four others knew persons who had been imprisoned. Political prisoners are not forgotten; they just can't be helped.

News of them is needed and passed. "We used to write on toilet tissue or tissue paper if we could get it," says an ex-prisoner who asked not to be identified. "I'd wrap the letter in cellophane and tie a long string around it. Then I'd knot the string around a back tooth and swallow the note. During the visit you could go to the bathroom. I'd cough up the note and pass it in an embrace."

A post card-sized sheet of the ultra-thin paper, when folded six times, is about the size of a Chicklet.

Prisoners released for work, or trustees allowed weekend leave, also bear messages. Generally, they're mailed to the United States via a third country, such as Spain, since Miami mail undergoes postal inspection. Sometimes relatives of inmates have friends write for them to Miami friends and the word is passed along.

The most sophisticated message-passing is done with high-speed RC-48 radio transmitters, left in Cuba from the CIA subversion days. Capable of compressing a half-hour tape recording into a 20-second bleep, the transmitters have a 40-mile range. Receivers on boats far offshore can pick up the bleeps, passed too quickly to be traced, and decompress the messages. The battery-powered transmitter is about the size of a Coke bottle.

The multiple systems of the underground are good enough to give political prisoners some clout beyond passive martyrdom. Their reports of prison conditions and incidents are the substance of human rights denunciations. Cuba knows this. Frank Emmick, an American held since 1963 on spying charges, recently had 30 years tacked onto his sentence for letter-smuggling, says his brother, Joseph, of Hollywood, Fla.

If anti-Castro organizations seek atrocities, persons favoring improved relations tend to overlook the political prisoner matter.

Sen. George McGovern (D., S.D.), urged to visit prisoners prior to his 1975 trip to Cuba, didn't. "I went to see the accomplishments of the Cuban revolution," McGovern explained.

Sens. Jacob Javits (D., N.Y.) and Claiborne Pell (D., R.I.), similarly urged, saw only prisoners who had accepted indoctrination, building a school. "Maybe we were underinformed about the degree of specificity we had to provide in order to see incorrigible political prisoners," says a Javits aide.

Asked about three journalists imprisoned since 1961-62 for no known crimes except public criticism of the Castro regime, Sandy Levinson, director of the Cuba Resource Center, a New York library of Cuban government materials, responded:

"They were arrested for criminal acts and they were politically motivated criminal acts. They were tried and sentenced and I think Cuba has a perfectly legitimate right to try and sentence people for those crimes. * * *"

THE NEGRO ALMANAC—A REFERENCE WORK ON THE AFRO-AMERICAN, 1976

Mr. STONE. Mr. President, at this point in the history of our country, and particularly since we are celebrating our 200th birthday, it is important to note the recent publication of the 1976 Negro Almanac, entitled "The Afro-American."

Published by the Bellwether Co., this revised edition has been completely restructured and updated. All the vital facts on the Afro-American are contained in one authoritative volume. Specifically, this book contains 40 percent more material than the previous edition. A few highlights of this excellent publication are: A chronology of the major events in black American history from 1492 to 1976; a guided tour of black historical landmarks throughout the United States; a section on the black woman; a complete history of black education from the earliest schools to the content of current college courses.

I bring this to the Senate's attention because I believe it will be a valuable resource to Members of Congress in understanding the history and contributions of black Americans.

A PERSPECTIVE ON THE NEGOTIATIONS OF ARMS CONTROL AGREEMENTS

Mr. HUMPHREY. Mr. President, in a recent publication by the Stanley Foundation entitled "The Arms Race, Secret Negotiations and the Congress," Mr. Lawrence D. Weiler of Stanford University discusses in a very compelling manner the need for a more open process of negotiating arms control agreements. As a former Counselor of the Arms Control and Disarmament Agency, Mr. Weiler brings to this discussion practical experience and a unique perspective on the effects of secrecy which shroud most efforts to reach arms control agreements.

While totally open arms control negotiations are rarely an effective device to obtain workable agreements, the degree of secrecy imposed upon recent negotiations is so extensive and pervasive as to have severe consequences on the policy process and the public's ability to have an input, understand and even support the final outcome of the negotiations. Mr. Weiler discusses this issue at length and makes several worthwhile suggestions.

Mr. President, I commend Mr. Weiler's monograph to my colleagues because this type of thoughtful analysis is especially appropriate at a time when there are indications that the administration may be close to the conclusion of another SALT negotiation with the Soviet Union. At the heart of the careful analysis undertaken in this study is the ultimate question of the future of arms control agreements among major military powers. Without adequate congressional and public information concerning the options under study and the effect of such agreements on our national security, the foreign policymaking process in a

democratic society is being hampered to an extent which may be unwise and inappropriate in view of the importance of these negotiations.

I urge my colleagues to carefully read this study and ask unanimous consent that an edited version of it be printed in the RECORD.

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

THE ARMS RACE, SECRET NEGOTIATIONS AND THE CONGRESS

(By Lawrence D. Weiler)

In 1974 it looked as though we would see the beginning of a much needed endeavor. The congressional hearings that were begun on the meaning of national security in the nuclear age and on related issues concerning détente were, in part, a result of Secretary of State Kissinger's call for a national debate on these questions, particularly those concerning strategic arms control. Mr. Kissinger's call for public discussion followed his outburst in Moscow about ". . . what in the name of God is strategic superiority?" [1]

That prematurely touted public debate, however, never developed very far, in part because the discussion was short and general in nature, without much focus on specific issues. That discussion and the possible precedent involved in a later two-day executive session Senate debate on defense policy may in time lead to some much needed changes. However, if this is to occur, there will have to be an awareness of where some of the major ills of our present system are. They reside in large part in the secrecy-shrouded process that has evolved in the course of our efforts to control the arms competition through negotiations. More specifically, they lie in the cloak of secrecy that has been woven over public policy during negotiations, for that is where the real options develop, the crucial decisions are made and the course of events is largely determined.

The present mood of the Congress and much of the country seems clearly inclined to insist upon a greater degree of openness in the development and conduct of foreign affairs and the supportive area of defense policies. With Mr. Nixon's departure there seemed to be a disposition in the executive branch to respond in a more positive manner, though subsequent congressional involvement in foreign policy has prompted Kissinger to complain that Congress has unduly restricted executive flexibility. Still, the Ford Administration has conveyed an impression of a desire for some consultation with Congress and the latter gives no evidence of a declining interest in participation. Is it not, therefore, pushing at an open door to challenge the practice or secrecy and closed decision-making in connection with our efforts at strategic arms control? It is not, for this particular area remains rather tightly closed. Moreover, many who argue for a more open foreign policy appear content with the existing state of affairs as far as the process of arms negotiations is concerned. This is a crucial omission in any effort to correct current ills for, as noted earlier, it is in the process of negotiation that the critical decisions in arms control efforts are made.

It is instructive to reflect on some facts. The texts of the various U.S. proposals submitted to the Soviet Union in SALT I and SALT II have never been shown to the Congress, even in executive session, let alone made available for public comment. U.S. proposals, even in non-textual form, have not been available for scrutiny by the Congress as a whole nor by the public. The specific counter proposals submitted by the Soviets have never been made available for public assessment. The news stories about the SALT II negotiations prior to Vladivostok, for example, related to the alleged differences between Secretaries Kissinger and Schlesinger concerning what should be the U.S. position, with only the haziest of indications of the specifics of this controversy over a critically important area of national policy. (While it does not involve broad policy issues, the fact that the agreements concluded with the Soviets concerning implementation of the SALT I accords are, at Soviet request, secret documents is symptomatic of our current affliction.)

The current degree of secrecy surrounding strategic arms control efforts has had a variety of adverse effects. In the analysis and selection of means for halting the arms race, the professional community's contribution has been significantly lessened. The traditional role of the press in maintaining an informed and involved citizenry has, in this area, very nearly ceased to exist. The Congress has not been able to perform its proper role in public policy determination and in assuring Executive accountability. Arms control efforts have been hurt, not helped. And there has been, in this area, a not inconsiderable abridgment of the democratic process.

If the public discourse has tended to become sterile because of the obsession with secrecy, is not the situation better as far as the Congress is concerned? The executive branch has, after all, "briefed" the leadership and certain committees during the course of SALT. While some members of Congress obviously have had access to more information than the public, the situation here has been, nevertheless, probably more serious for a variety of reasons. Congress is the responsible institution for ensuring the public processes of government through which, aided by the press, the wider discourse on public issues can bring into play the array of talent and wisdom that exists beyond the contending forces inside the executive branch. We seem to have forgotten, at least in this field, that this was intended to be and has been one of the vitalizing features of our system of government. Moreover, to the extent that in our system of government we delegate a certain responsibility to members of Congress to exercise judgment for the nation in sorting out alternative courses of action and in allocating public money, the assumption is that they will be informed. That they have not been adequately informed during the course of SALT prevents them from exercising their responsibilities in this area. In what other area of public policy of comparable import do we continue to tolerate a situation where, if a constituent asks his congressman his views on the government's proposals, he must reply: "I do not know what they are"?

An irony of this situation is that the officials who, aside from Mr. Kissinger, have been or are primarily responsible for briefing the Congress on the course of the negotiations (former SALT negotiator and Director of the Arms Control and Disarmament Agency [ACDA], Gerard Smith; former ACDA Deputy Director, Philip Farley; and the current Director, Fred Iklé) are candid and open men. They are disposed to straight talk and unshackled with the too pervasive tendency among officials in the bureaucracy to regard diplomatic information and conduct as something to be shielded from "outsiders"—which includes the public in general, most congressmen, but not necessarily one's allies or one's adversary in negotiations. Smith's general attitude was perhaps best illustrated by his positive personal response to suggestions that there be congressional participation in the U.S. SALT I Delegation.[2] While relegated to a lesser role in the SALT negotiations than his predecessor, Iklé in his public statements has exhibited a strong desire to open up public discussion of some of the broader issues of nuclear policy. He apparently also has made an effort to make himself available to members of Congress.

But honorable and open men are captives of the existing system. When spokesmen operate under what are, in effect, White House instructions to avoid serious discussion of most of the issues under debate in the executive branch and not to volunteer detailed explanation that would reveal the real positions of an administration, there can be little real collaboration in developing national policies. Nor can there be under such a system an honest exchange between government and citizen.

Such briefings in recent years, moreover, have tended to be after-the-fact reporting. They are usually structured at White House direction to conceal many of the critical issues under debate within the narrow confines of the executive branch political/military bureaucracy that arise during the process of negotiation. The transcripts of these classified hearings, it should be noted, are available only to committee members, and do not include texts of proposals.

Those who would contend that the current system is not at fault would quite properly note that many of the oral briefings in executive sessions were quite detailed. They would argue that many committee members exhibited little interest in pursuing details that would have uncovered "hookers" in positions or in pressing for discussion of alternative options (usually under debate within the executive branch) that might have brought the two sides together. There is some validity in their description if not in their argument. Not infrequently in recent years did one hear among those who hoped that issues would receive more ventilation outside the closed debate of the executive branch: "If only they would ask the right questions!" But this is a case not only where two wrongs do not make a right but also where the first wrong makes the second more likely.

Consultation with Congress in a meaningful sense does not exist when specific proposals are not available, when such information as is provided is not accessible for study and reflection and when Congress is largely denied the right of staff access for analysis. Most importantly, consultation does not exist when such interchange between the two branches of government as does occur takes place only at the prenegotiation time, when general opening positions are discussed, or in a subsequent review of results of a particular negotiating session that have been produced by the key decisions made during the course of negotiations. Mr. Kissinger's impressive capabilities as a briefer, particularly at congressional leadership meetings at the White House, may in the past have given a select few some sense of being informed. But neither such briefings, not those conducted before committees by lesser officials, alter the fact that none of the above requirements for real consultation currently exist.

The argument for more openness in our efforts to control the arms race through negotiation is in a general sense an argument for a return to a situation more akin to that which predated the current excessive secrecy than it is a call for radical departure from our traditional practices. While efforts to keep the Congress and the public at arms length and to exclude them from awareness of key issues and options were not totally absent in the more distant past, arms control negotiations have been conducted with the nation informed of what the positions and even the specific texts of the proposals of its government were. The Nuclear Test Ban and the Non-proliferation Treaty negotiations are two examples that involved important and often contentious issues. (The Seabed Treaty and Biological Weapons Convention negotiations

Footnotes at end of article.

are more recent examples which, while contemporary with SALT, were exceptions to the rule of secrecy because of the multilateral character of the negotiating forum, the absence of serious domestic differences and the insignificant effect either of negotiation on real security issues or questions of national priorities.)

During both the test ban and non-proliferation negotiations there were frequent consultations with Congress, and texts of key articles were often discussed with members of relevant committees before their submission to the Soviets. During both of these negotiations, the Senate, in the 1963 "Dodd-Humphrey Resolution" on a limited test ban and the 1966 "Pastore Resolution" on the non-proliferation negotiations, made a significant contribution to the success of the efforts; in part this was because of the strong political base these resolutions afforded for officials in the executive branch who favored sustained further efforts at a time when negotiations seemed at an impasse and conflict existed over whether further efforts should be made.

Among those who may perceive the need for greater openness, there will be differing views regarding the nature and extent of change required. Some suggestions are offered here.

The basic proposals of the U.S. government should be available to the Congress and the public. The *texts* of such proposals should be available at least to the appropriate congressional committees and their staffs; indeed, the burden of proof should rest on those who would deny public access to the texts. The issues involved in policy alternatives and considerations bearing on them should be discussed with congressional committees and, to the extent mutually acceptable to those committees and the executive branch, be made part of the public record, "sanitized" if necessary to remove sensitive technical information regarding weapons or intelligence. Key issues, including Soviet counterproposals, that develop in the course of the negotiations should be discussed with the appropriate congressional committees on a regular basis and at a minimum prior to executive branch decisions stemming from those issues and counterproposals. Major changes in U.S. positions during the course of negotiations should not, for any extended period, remain the secret property of the Executive after they have been tabled in the negotiations. Except as modified by the above considerations, the existing procedures regarding the privacy of the formal and informal exchanges between the two SALT delegations and higher level officials should continue.

The results of the existing SALT process do not argue against reassessment; they argue for it. This is true of both the major positive result and the major negative result.

The two major strategic weapons developments of the past decade that have been perceived as threatening strategic stability, that have been the principal catalysts of—or internal arguments used to support—the strategic arms competition and that have been the central SALT issues have been ABMs (anti-ballistic missiles) and MIRVs (multiple, independently targeted re-entry vehicles). The former has for all practical purposes been effectively controlled through the ABM Treaty and its subsequent Protocol. However, the failure in SALT I to ban MIRVs for offensive forces,[3] with the subsequent high MIRV-launcher levels permitted under the proposed SALT II accord, constitutes the great tragedy of SALT, the full consequences of which for the taxpayer and for strategic stability are yet to be counted. These two widely different results of SALT are directly related to the issue of secrecy.

In the case of ABMs, there was an extensive public and congressional debate prior to the beginning of SALT, a debate which continued as SALT began and which produced a real if not specifically articulated political consensus outside the executive branch. While the Nixon Administration "won" the great ABM debate in the Senate when then Vice-President Agnew cast the tie-breaking vote on the Safeguard ABM program it became increasingly clear that the Safeguard program was, in the words of one high official, "a busted flush." The public airing of the issues that surrounded the Safeguard program had produced enough opposition to deployment—based on technical, emotional, strategic and arms control grounds—that only the "bargaining chip" argument could keep the program alive. With the ABM issues relatively simpler than those surrounding offensive limitations, this meant that in a broad sense of a major arms control issue had been decided in open discussion and through participation of a wider group than the usual limited circle of executive branch officials. The severe SALT limitations imposed on ABMs flowed directly from this open national discussion, and from Soviet interest in such an outcome. When such an interest was indicated very early in SALT I, the limitation of ABMs in any agreement to such low levels as would render them ineffective in both fact and perception was close to inevitable.[4]

Thus the cloak of secrecy imposed on SALT did not have the same effect on ABMs as it did on efforts to limit offensive arms.[5] At the same time, it might be noted that without such secrecy there would have been greater likelihood of a total ABM ban, an option the Soviets indicated interest in during the later stages of SALT I.

The effort to control MIRVs was a different story. In this case the pressures for deployment were able to operate within the protected, closed environment which secret negotiations afford. The Congress had to some extent exhausted itself in the great ABM debate, and efforts to develop a comparable public examination and debate on MIRVs prior to the beginning of SALT never quite got off the ground. Some committee hearings were held,[6] and some congressional discussion took place concerning a MIRV testing and deployment moratorium. However, the general disposition at that time was to let the negotiations begin without outside intervention, particularly after the administration let it be known that qualitative limitations, including controls on MIRVs, would be explored by the United States.

The nature of the administration's MIRV ban proposal, however, was never disclosed to the public or most members of Congress, and for those who did receive oral briefings it was never fully understood. Making a MIRV ban proposal and letting it be known that such a proposal had been advanced helped pacify those outside the executive branch who wished to halt MIRVs. However, the specifics of the proposal were constructed in such a way as to assure that it would not be accepted by the Soviets. (Whether the proposal was constructed as it was to defer a real decision on a MIRV ban or whether it represented a firm decision remains a matter of conjecture.) In addition to calling for a MIRV test ban, which, though it would have precluded the Soviets from attaining a MIRV technology, was then regarded as the essential means of assuring that no Soviet MIRVs would be deployed, the U.S. proposal called for on-site inspection of strategic missiles and also, if MIRV's were to be banned. on-site inspection for any ABM limitation. In addition, the proposal would have permitted the United States to continue to produce and stockpile MIRVs as long as they were not deployed.[7] Finally the MIRV proposal was submitted as an inseparable part of the opening U.S. offensive limitations proposal, which included limitations not only on central strategic systems but also on Soviet IRBMs (intermediate-range ballistic missiles) and MRBMs (medium-range ballistic missiles).

The Soviet MIRV ban proposal included a production and deployment ban but not a test ban. Though a test ban was not included in the Soviet proposal, throughout SALT I the Soviets conspicuously avoided any official rejection of a test ban.

With secrecy concealing the issues and developments in the negotiations, a critical opportunity in efforts to control strategic arms was to be debated within a closed group, and let fall.

Negotiations on specific proposals did not begin in SALT I until mid-April of 1970. While unaware of the real nature of the administration's MIRV proposal, many members of the Senate, led by Senator Edward Brooke, were concerned that the ongoing U.S. MIRV program would preclude chances of stopping this new system. This Senate discussion was unable to focus on the specifics of the MIRV negotiations and the result was a general call, set forth in Senate Resolution 211, for a quick standstill freeze on further deployments by both sides of defensive and offensive strategic weapons. This occurred in May. In mid-June a recess was called in the negotiations to assess the results of the exchanges resulting from the presentation of initial positions. The "forward-based systems" issue that had been raised early by the Soviets was the offensive arms issue that received most of the attention. The critical issue within the administration, however, was how or even whether the MIRV negotiation would be pursued.

In July the White House decided to advance a more limited proposal for offensive arms limitation which excluded limitations on MIRVs. While it maintained in congressional briefings and in public comments that efforts to achieve limitations on MIRVs would continue, the July White House decision to focus offensive arms negotiations on a proposal that excluded MIRV controls meant that the effort to stop MIRVs in the talks with the Soviets was abandoned after only two months of actual negotiations!

While periodic attempts were made by some within the executive branch to get a decision that would permit a serious negotiation on MIRVs started, the secret nature of the negotiation largely ruled out effective participation in that effort by elements outside the executive branch.[8] No new MIRV proposal was ever put to the Soviets, though behind the curtain of secrecy the controversy over whether to make a real effort on MIRVs was to continue throughout most of SALT I.

Perhaps Moscow would never have agreed to a MIRV test ban if a MIRV proposal, revised and separated from other elements of the comprehensive package, had been advanced, though some senior officials within the executive branch believed the odds were sufficiently good to make an effort. Even if Moscow had continued to resist a MIRV test ban and had insisted on acquiring a MIRV technology for political as well as "springback insurance" purposes, a serious negotiation might have disclosed that future Soviet MIRV plans did not involve MIRVing existing missiles, as was assumed in Washington and which was the basis for the call for a ban on further testing, but rather involved new larger missiles which would require verifiable silo modifications (and which now form the basis for the "counting rule" to be applied to the MIRV limitations in any SALT II accord).

It is ironic, and perhaps instructive, that Mr. Kissinger was to comment after Vladivostok that he wished the government had thought through more fully in SALT I the implications of a MIRVed world. In any event, the effort was not made in SALT I; the Soviets, concluding that Washington had put forth its MIRV ban proposal merely to satisfy domestic opinion and faced with a U.S. pro-

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Footnotes at end of article.

posal that involved no restrictions on any then planned U.S. strategic programs, lost interest in early limitations on offensive arms almost immediately after the presentation of the U.S. proposal which followed the July decision to exclude MIRV limitations. Soviet talk about focusing initially on ABMs, which was to surface formally in the Soviet position later in the year, occurred within weeks of the new U.S. proposal on offensive arms limitations.

Certain relevant points emerge from this arms control failure. The country and the Congress were in a very real sense deceived as to the *bona fides* of their government's effort to halt MIRVs. After only two months of actual negotiations, a critical decision in efforts to control strategic arms was taken, with the Congress and the public precluded by the cloak of secrecy from any participation in that decision. And, finally, the secret nature of the negotiations, by preventing the application of a wider spectrum of analysis and wisdom—as well as pressures—directly contributed to the major arms control failure of SALT.

The abandonment of MIRV control efforts in SALT I was followed in the still secrecy-shrouded SALT II negotiations by failure to seeks that which was still technically possible, either a phased program for a de-MIRVed world or a very low level for permitted MIRVed forces.

However, despite the fact that secrecy has been counterproductive for arms control efforts, those who have established, or accepted, the process of secret negotiations are likely to put forth a series of additional arguments for retention of the present system. These arguments, the more probable of which are set forth below, lack either sufficient validity or sufficient weight to carry the case against the need for change.

The Soviets want secret negotiations and have complained about the few breaches of privacy that have occurred in SALT.

True. There may have been same justification for this view at the very beginning of SALT, when the talks were exploratory discussions without proposals on either side and when the Soviets carried a certain sensitivity about bilateral talks with the United States because of the then state of the Vietnam conflict and were thus undecided as to whether to enter "negotiations." However, SALT has long since become an established process.

Soviet preference, moreover, cannot be allowed, or used as an excuse, to alter the proper functioning of our system of government. When vital issues of public policy are placed under wraps of secrecy during the course of negotiations having a duration of two or three years, the proper functioning of the system *is* altered. While this is the controlling consideration on this point, we should also be aware that Soviet preference for the current state of secrecy surrounding SALT may relate to consideration, understandable from Moscow's view, which diverge from U.S. interests. For example, the greater the degree of secrecy that surrounds SALT, the greater the subtle psychological assist to the idea of condominium and the greater the feeling of exclusion on the part of U.S. allies, and effect that can be mitigated only in a limited way through periodic restricted briefings. Moreover, a Soviet preference—and granted it is a strong one—is not the same as a Soviet condition—though even if it were, it should not be acceptable. The history of postwar arms negotiations refutes any such idea. The Soviet Union, like other states, negotiates, and negotiates seriously, when it is in its interest to do so. And the Soviets have not been hesitant in acknowledging that SALT, for a variety of reasons which we can share, is in their interest.

The present arrangement is necessary because SALT involves, on both sides, very sensitive matters of strategic policy and strategic weapons.

There is a certain ominous impressiveness in these words, but they lack real meaning. Strategic force structures and capabilities of the United States and the Soviet Union, as well as projections regarding future developments, are today not secret.[9] The extensive public treatment of these matters in the annual Posture Statement of the Secretary of Defense is more detailed than that required for the basic analysis and judgment of SALT proposals. And the available public data are more detailed than those which have developed in the private exchanges between the two SALT delegations—though, as indicated earlier, it is not suggested here that the privacy of such exchanges be lifted.[10]

Moreover, there have not been any third party issues bearing on critical choices regarding arms limitations that have arisen in SALT which are not a matter of public record. In any event, should the need arise in the future, sufficient privacy is provided for such discussion through retention of the present arrangements for the meetings of the two delegations and for the high level "back-channel" exchanges.

Absence of secrecy during the course of negotiations leads to more propaganda exchanges and precludes serious negotiations.

This is a widely held view in the diplomatic community and one that observers have tended to give more credence to than is deserved, at least in the arms control field. It is true that when plenary sessions of a negotiating forum are open there is somewhat more tendency to "play for the gallery" and to indulge in polemics. The exclusion of the press from the meetings of the multinational forum in Geneva, now the Conference of the Committee on Disarmament (CCD), was for the purpose of reducing this tendency. The multilateral nature of that forum, however, has meant that there is always an "audience," and this fact has made the plenary meetings of that body more public, even to the extent of daily press briefings.[11] The privacy of the exchanges of the two delegations in SALT has probably contributed to the moderation in tone that has characterized that forum and this arrangement need not be modified.

But the view—quite honestly held by many current officials—that the almost total secrecy imposed on the SALT process has been responsible for a unique seriousness in negotiations and the absence of polemics is in part false and in part overdrawn. This is largely due to two misconceptions.

The first concerns the supposed uniqueness of SALT with respect to serious non-polemical exchanges. Such exchanges in arms control negotiations preceded SALT and occurred in conditions of openness that were not greatly different than those suggested earlier in this article. There was, for example, no significant difference during private exchanges in the tone and in the "businesslike" nature of discussion and exploration of issues as between SALT and the Non-Proliferation Treaty negotiations, where the areas of agreement and disagreement were more widely known to the Congress and the public. This fact was never really appreciated by some officials in the Nixon Administration, who had a tendency to think that they were writing the first chapters of history in the arms control field. Thus, they tended to equate what was to them a surprising degree of civility and seriousness in discussion on the part of the Soviets with the strict secrecy imposed on the SALT process.[12]

The second misconception is that polemics and propaganda of a kind that interferes with negotiations are caused primarily by public exposure of the issues and the positions of the parties. There is little historical evidence in the postwar history of arms negotiations to support this view. What that history does indicate is that the degree of polemics and propaganda is more directly related to the general political climate and/or the expectation of serious negotiations. When the political climate improves, public polemics decline, and even if some remain they are usually not allowed to interfere with serious negotiations. While perhaps the point should not be stretched too far, it is, nevertheless, true that even when the political climate is such as to produce polemics, if the desire for agreement *and* the expectation of a serious negotiation exists, nations have not allowed the verbal excesses to interfere with serious negotiations. In 1963, for example, Soviet acceptance of the U.S. proposal for a "Hot Line" agreement was contained in a statement so full of polemics that after it was delivered, half of the U.S. delegation was unaware that the first U.S.-Soviet arms control agreement of the postwar period was at hand.[13]

All of this is not to say that when issues are in the public domain the parties will not make their case, at times rather strongly; this consumes time. But, contrary to another of the myths that has grown up around SALT, that forum has not escaped the apparent need of nations to have time-consuming "debates for record" that add little to the negotiating process. Time-consuming debates of this nature are sometimes a nuisance but do not really interfere with serious negotiations, which, if the will is present, often proceed simultaneously.

Congressional and public knowledge of U.S. proposals tends to freeze positions, making more difficult the adjustments and compromises required in any negotiation.

There is some element of truth in this argument, but there is little evidence in the history of postwar arms negotiations to suggest that it has affected *important* modifications of position, except in a few cases where modification would have involved action opposed by a large segment of the Congress. Perhaps the most important instance of this kind was the strong feeling in the Senate in 1963 that the United States should hold firm in its position regarding on-site inspection for any comprehensive nuclear test ban. This case, however, illustrates an important point. The restraint on flexibility exercised by strongly held congressional views stems primarily from the constitutional requirement that two-thirds of the Senate must approve a treaty. This consideration applies whether negotiations are enclosed in secrecy or are more open.

Any congressional restraint on flexibility that might exist under a more open process is likely to be balanced by a reduction of the current restraint exercised by forces operating within the closed executive branch environment, a development that will occur when "arms control supporters" outside the present system can exercise some influence. And, in any event, a more direct and open dialogue between the two branches of government is likely to demonstrate that congressmen are not unaware of the need for give and take in achieving mutually acceptable solutions; it is when they are excluded from the action that they tend to react with seemingly inflexible stances.

Greater flexibility, moreover, is not always a virtue, either from the standpoint of U.S. interests or that of effective arms control. There are many times when it is important to stand firm. Congressional support for a firm stand on any given issue is something the Soviets seldom fail to take into account. Indeed, it may, on occasion, be one of the least expensive and more persuasive "bargaining chips" a U.S. delegation can take to the negotiating table.

Greater congressional involvement during

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negotiations increases the chance of leaks of fallback positions.

This may be true, but the weight of this consideration is much less than would appear to be the case. There are some fallback positions on minor issues which are included in a delegation's instructions that often reflect efforts to placate various elements of the bureaucracy, or allies, by making a "college try" for their pet ideas; these are elements that a government expects to see fall by the wayside. Fallbacks from such positions are less likely to be leaked, but in any event are seldom "moving elements" in a negotiation.

Regarding the more important and contentious issues, it is useful to consider the real world as opposed to that of the theorists, at least in connection with arms control negotiations. Presidents, who traditionally regard the bureaucracy as something of a sieve, have always been reluctant to include important fallback positions in written instructions to a delegation, unless they are merely part of a plan to pace the tempo of the negotiation and/or are of the type that can be clearly foreseen by the logic of the negotiating situation. The more significant fallback positions, those to be used only after a serious and lengthy attempt to achieve initial positions, may be held in mind by a President or Secretary of State, but are seldom committed to paper prior to the time when they are introduced in negotiations. Thus, in practice, the fallback positions shared by the highest officials with the bureaucracy almost never represent vital elements of a negotiation, the leaking of which as a result of greater congressional knowledge of a negotiation would cause serious injury to U.S. interests.

Without the benefit of the numerous technical studies conducted within the executive branch, the public and Congress are in no position to make intelligent judgments on strategic arms control questions.

Some observations are in order regarding this argument. A certain mystique was fostered in the early days of SALT about the importance of the voluminous interagency studies conducted in connection with the SALT process. Obviously, technical studies can be helpful and on occasions are necessary in forming judgments. Sometimes, however, technical studies are deficient and sometimes technical mistakes are made; situations that secrecy hides. It is important not to accept with unskeptical awe the notion that voluminous studies produced unique wisdom on the part of decisionmakers, or were even, in most cases, relevant to decisions that were made. One can grant the sincerity of an administration's desire to assemble and analyze facts and still note that one principal purpose of the study exercises has been to keep the bureaucracy occupied. It is also relevant to recognize that the "crystal ball image" of such interagency efforts that has been projected has been used to create an impression of exclusiveness of wisdom that has helped to keep the public and Congress at arms length.[14]

Policy-makers in the executive branch are no less occupied with many other problems in addition to SALT than congressmen or members of the informed public. For the most part, the only ones who read the lengthy SALT studies are the staff members who write them. While the negotiator, with his responsibilities more focused, will usually manage to read the "Executive Summaries" of such studies, the National Security Council (NSC) or Verification Panel member who manages to do the same is an exception—with Mr. Kissinger, endowed with his prodigious energy, usually being one.

This, however, is not the only or even the principal reason why senior officials with equal access to technical studies have often differed regarding policy options. The various influences that affect decision-makers in the executive branch have been noted in the recent literature on this subject, but strikingly prevalent in the postwar history of arms control is the influence of what have sometimes been referred to as "decisional premises."[15] The values and beliefs that decisionmakers bring with them to the meeting room have been far more important determinants of their views on arms control questions than the expert analyses which administrations are prone to point to, but not reveal, in justification of special if not exclusive wisdom. SALT is, perhaps, a classic case study of this aspect of policy-making.

Because of this, the major issues in this field, once clarified, involve relatively basic—if sometimes difficult—choices that are essentially political decisions. (This is not to deny the importance of some of the more technical aspects of strategic arms control.) While constitutional responsibility for such decisions rests more directly on the President and his advisers, special competence for such political decisions is less real than it is myth. Access to facts, knowledge of the specifics of issues in a negotiation and opportunity to reflect on them are necessary for broader public and congressional participation; these are matters that need, and are receiving, some attention.[16] Executive branch wisdom stemming from voluminous interagency studies, however, is not exclusive, nor is it a valid argument against broader participation in this area of public policy.

This does not mean that considerable improvement in the resources available to the Congress is not desirable. Access, under appropriate arrangements, to the analytical capability of ACDA as well as to the considerations relating to resolution of issues would be helpful.[17] Greater use of the resources of the Congressional Office of Technology Assessment would also reduce the present inequality of resources available to the two branches in this area. Of perhaps even greater practical importance would be enlargement of congressional committee staff facilities beyond what is at present largely a part-time support capability. However, the strengthening of congressional capabilities in this regard, including, perhaps, reorganization and consolidation of committee responsibiltes,[18] is not likely to proceed very far nor be very effective in the absence of a determination to bring about a reduction of the secrecy that surrounds the actual negotiations.

More open negotiations would be advantageous to the Soviets, for they would seek to influence public and congressional opinion and thereby exert pressure on U.S. positions.

If this argument holds, the question naturally arises as to why Moscow has favored secret negotiations. The answer is not unrelated to the fact that the degree of openness in arms negotiations does not usually affect Moscow's options in lifting the veil and pursuing such endeavors on major issues whenever such action is judged to be propitious. The rapid disclosure during SALT I of the Soviet proposal to reach an agreement first on ABMs is a case in point. If, however, there may be some marginal increase in Soviet capabilities to attempt to influence U.S. policy in this manner, again, this feature must be weighed against those considerations which call for change. The democratic process has always involved some complications with which closed societies are not burdened.

On the other hand, it is also possible, perhaps even probable, that more openness would result in relatively greater equality of opportunity for exerting beneficial influence upon the Soviet government, with a potentially significant improvement in future prospects for arms control. The immensely less pluralistic nature of Soviet society and the limitation placed on opportunities for forces outside a small corps of the official hierarchy to influence policy present obvious difficulties. Nevertheless, issues of priority exist there as here. There are Soviet as well as U.S. "mayors," some of whom are Central Committee members, who seek reallocation of resources. Differences over arms control policy among Soviet officials have been evident during the course of SALT. There has been comment in this country about the potentially beneficial effects of the SALT process in modifying the compartmentalization that has existed in the Soviet government regarding strategic arms information and policy. Whatever the degree of change that has occurred so far, it is unlikely to extend much beyond officials directly involved in negotiations so long as the present system of secret negotiations continues, for there is then no opportunity for those elements of Soviet society outside the central corps of officials to exert influence. I do not believe it naive to consider the possibility of such expansion. We are not without some historial evidence to encourage us. The widespread concern about radioactive fallout that developed in the Soviet scientific community significantly strengthened the forces in Moscow seeking a nuclear test ban; while it cannot be documented wtih available evidence, it appears that the strength of this sentiment in the scientific community played a part in Krushchev's offer of three annual on-site inspections in an attempt to achieve a comprehensive test ban. Significant redirection of current arms trends will require a larger mobilization of support for arms control than currently exists, in this country and in the Soviet Union. There, even more than here, secret negotiations stand as a barrier.

The most compelling argument for change is that the present system has resulted in an abridgement of the democratic process in an area that affects national security, general foreign policy, and such domestic issues as allocation of resources and cost of government. In this nation we have traditionally placed the process of democratic government before the substance of particular policy question. The present nature of secret arms negotiations constitutes a rejection of that order of values.

To secure a more stable and less costly strategic environment and to bring the strategic arms race under control will require major political decisions, not debate among the weapons experts and diplomats. Such broad political questions belong among the public issues that are treated in open, not secret, discussion.

SALT, moreover, extends beyond "arms control" issues. One of the major questions of foreign policy will continue to be the state of U.S.-Soviet détente. Differences regarding its proper scope and judgments about its functioning vary with individuals. One who has reservations about Soviet détente policy, however, has expressed a view that is probably generally held, that the results of SALT should be regarded as a "major litmus test" of Soviet intentions.[19] How can such a litmus test be properly made by the nation if secret negotiations conceal the nature of efforts on both sides which produce a given result? If results are unsatisfactory, we need to be sure there are not undisclosed reasons which would alter the nation's judgment; if judgment requires action of some consequence, we need a broad base of political agreement that is possible only through an open process of negotiation.

To the extent that prudent use of federal funds is required to sustain arms programs, we will require, over the long run, a citizenry convinced that alternatives to unilateral efforts have been fully explored. Reactions to the SALT II efforts are clear evidence that suspicions abound that such has not been the case. Moreover, beyond the im-

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mediate issue of arms policy, continued secrecy in arms negotiations will surely contribute to continuation of the estrangement between government and citizen.

Beyond the issue of the process of government there is the requirement for change in order to improve the prospects for effective control of the arms race. Secret negotiations have worked against this objective in the past; success was obtained in SALT when the opportunity for a wider application of wisdom and of political forces was able to circumvent the narrowness of debate which secrecy engenders.

Future efforts to control the arms race will require discussion, decisions and actions on a broad rather than a narrow front. As Marshall Shulman has observed, "SALT involves three sets of negotiations: one is between the Soviet Union and the United States, and the other two are internal negotiations within each of the two countries."[20] On balance, prospects for success in all three will be enhanced by a more open process.

Only through a determination to work toward an openly arrived at and broadly supported effort in this country to seek specific major arms control adjustments are we likely to see significant alterations of current trends in view of the pace of technological change. And as arms competition has a variety of motivating forces beyond considerations focused on hardware and strategic doctrines, so must our future efforts encompass the broader considerations which are the proper subject of political debate and decision. There is small prospect for broad public understanding and support for arms control efforts if secret negotiations cloud the normal political process.

A more open process and a greater real sharing of responsibility and effort between the executive branch and Congress would also give us greater flexibility to deal with the problems presented by the rapid pace of technological change compared with the slow pace of formal treaty negotiation. Secret negotiations tend to focus efforts on formal arrangements of a more lasting nature, all of which require time. Presidents are reluctant to accept sole responsibility for short term, less formal mutual undertakings which might prevent the momentum of ongoing programs from outdistancing the treaty negotiations, particularly when they fear political charges of cricumventing the "advice and consent" prerogatives of the Senate. (The converse is the understandable congressional suspicion of "bargaining chip" and "hedging" authorizations.) With more open negotiations, and a greater degree of congressional participation and responsibility in the process, a major practical problem of arms control efforts in an age of rapid change could be approached with more sensible realism than the current process permits. George Bunn, Dean of the Wisconsin Law School, has outlined some possibilities in this area, as well as some historical precedents.[21] "Escrow authorizations" might also be considered as one means of resolving the "bargaining chip" and "hedging" problem that currently exists. Specific arrangements to be decided upon (probably on a case-by-case basis) to enlarge our flexibility to bring the arms race under greater control must, however, await a change from the present process of secret negotiations.

Not only would we achieve greater flexibility of means to deal with the pace of technology and the difficulties inherent in the current negotiating process, we would also improve prospects for wise decisions. Comment has already been offered on the general value of a wider base of analysis and debate that a more open process would provide. There are, however, certain other considerations relating to decisionmaking that are relevant.

The narrow base of composition of the NSC, the result of the outdated National Security Act of 1947, results in a policy group with a disproportionate, if understandable, focus on the "national security" considerations of any given arms control issue. Usually this means the military hardware aspects of the issue. This, of course, is not always the case, but it tends to be so. Yet the arms race, and arms control issues, involve a much broader set of considerations, including such domestic questions as resource priorities. There have been some suggestions for broadening the composition of the Executive decision-making body to include other Cabinet officers. This would be a desirable improvement; but the most effective means of assuring more effective broadly based "multiple advocacy" during the process of negotiation would be to involve appropriate members of Congress.

The case against secret arms control negotiations is, I believe, substantial and compelling. A more open process is called for in order to correct the current serious abridgement of the democratic process in a vital area of public interest. And it is necessary if we are to remove one of the root causes of recent failures to control effectively the arms race in strategic weapons and if we are to improve prospects for significant reversal of current trends.[22]

An appropriate time to make this needed change would be immediately following whichever comes first, a final agreement on the Vladivostok accord or the beginning of the administration that will result from the 1976 elections. If this is done, we can anticipate at least the possibility of some fundamental rethinking of what is required to halt the strategic arms race—and also to prevent the proliferation problem from getting completely out of control. This may require something on the order of the boldness of the Marshall Plan and the North Atlantic Treaty, but as then, so now, this will necessitate open presidential leadership and shared participation and responsibility with Congress before and during negotiations.

Moving away from secret negotiations will involve some problems of adjustment, as is always the case when improper and malfunctioning arrangements are corrected. In this regard, however, I would recall some words of Benjamin Cohen, a former U.S. negotiator and a wise and experienced man in both foreign and domestic affairs:

It may be conceded that politicians lacking vision and insight on the international scene as on the national scene try to conceal their own inadequacies by appeals to popular passions. It may be conceded that small minds in international affairs as in national affairs prefer to indulge in moral judgments rather than to tackle the hard problems of determining what concrete policies and practical programs would be really effective to reconcile deep-seated differences. True at times it may appear that inflamed public opinion stands in the way of reasonable solutions. But wise statesmen know that public opinion is capable of greater understanding than ordinary politicians and even technical experts are inclined to believe. Leadership with ideas and with the ability of explaining and defending them is an essential ingredient of democracy. The people are interested not only in the soundness of our objectives but even more in the effectiveness of the means chosen to move in the direction of their achievement.[23]

FOOTNOTES

[1] Press conference, July 3, 1974.

[2] Whatever the merits of this idea—and there would have been very real problems relating to selection of participants and their role within the delegation—there is no question but that, had it been implemented at an early period during SALT I, it would have produced profound changes in the somewhat Byzantine maneuverings within the executive branch. It might have produced some confusion and conflict in the functioning of the system that then operated. It might also have produced two other results: a "Zero ABM" treaty and a MIRV ban.

[3] It is generally not recognized that a ban on MIRVs for ABMs is contained in the ABM Treaty: Article V and Agreed Interpretation [F].

[4] This is not to say that an agreement became inevitable. It required strenuous efforts and uncommon skills on the part of many of those involved, not the least of which were directed at resolving the highly technical problem of radar limitations. There was also, of course, much shifting of positions (some of which was for the purpose of "pacing" the negotiations) on the exact nature of the low ABM levels before the Treaty limitations were set. In part, this shifting on the U.S. side was due to another delayed result of the open debate, congressional opposition to any ABM "area defense," which caused the White House to seek an alternative to its original proposal to limit ABMs to national capitals.

[5] Another factor working against Safeguard within the executive branch was the continuing interagency analysis and re-analysis of the effectiveness of the Safeguard system, conducted as part of the SALT process. Safeguard became in time the most extensively analyzed strategic weapons system of the post-war period. The continuing nature of this analysis was probably not unrelated to the political weakness of the system outside the executive branch.

[6] For the most extensive, see Diplomatic and Strategic Impact of Multiple Warhead Missiles: Hearings before the Subcommittee on National Security Policy and Scientific Developments of the Committee on Foreign Affairs, 1969. Washington, D.C.: U.S. Government Printing Office.

[7] The argument used was that since production was not verifiable, there should be no limitations; but since the United States, having tested, was the only side that would benefit from this arrangement, the Soviets strongly objected to it.

[8] One of these efforts later in SALT I was an unsuccessful attempt by Senator Hubert Humphrey to obtain a Senate resolution more specifically focused on the MIRV problem than the "Brooke Resolution" had been.

[9] A distinction, of course, must be made between projections and firm knowledge about future Soviet programs. Soviet secrecy regarding their programs has been a major contributor to the arms competition.

[10] One exception, perhaps, relates to the reason for classifying the agreements that establish detailed procedures for implementing the SALT I accords. This effort apparently involved some detailing of technical military information that the Soviets preferred not be made public. This is a special case for which an argument can at least be made, but it is not central to the question at issue here.

[11] The verbatim records of the CCD sessions are subsequently made available after the committee submits its annual report to the United Nations.

[12] This view was especially strong in the White House.

[13] The final text of the "Hot Line" accord was agreed upon within a few weeks.

[14] Typical of this image projection is the following comment on the SALT studies: "The result was the development of 'building blocks' for all offensive and defensive weapons. We can combine these blocks in various clusters of limitations and reductions to produce alternative proposals for the negotiations. This enables us to respond quickly and meaningfully to any Soviet counter-proposals; at home we are not the prisoners of bureaucratic jockeying to come up with an agreed response." Richard Nixon, *U.S. Foreign Policy for the 1970's: Building for Peace*, a Report to the Congress, February 25, 1971, p. 189.

[15] In his close analysis of foreign policy-making, Alexander George notes that "ideo-

logical values and various cognitive beliefs of policy-makers (what we have called 'decisional premises') may sometimes be so firmly and uniformly held as to surely constrain the choice of policy . . . . Often, however, there are competing values and a variety of decisional premises within the decision-making group . . ." (George, "The Case for Multiple Advocacy in Making Foreign Policy," *The American Political Science Review*, 3 [September 1972], p. 784.)

[16] Sponsored by Representative Clement Zablocki and Senator Humphrey, amendments to the Arms Control and Disarmament Act have recently been adopted. One of these which indicates congressional desire to become more involved in arms control issues will require submission to Congress by the Executive of an "arms control impact statement" on specified types of proposed new weapons programs. Another will require ACDA to submit to Congress an expanded annual report similar to the posture statement of the Secretary of Defense which will include an analytical statement of arms control and disarmament goals, negotiations and activities, together with an evaluation of the status and prospects of the various negotiations; it is not clear, however, how this will vary from the type of reports on arms negotiations that were, for some years, contained in the annual reports to Congress of the Nixon Administration.

[17] For comments by Bundy and Richardson on this, see *Arms Control and Disarmament Agency: Hearings*, pp. 104–106.

[18] For Rusk's and Smith's comments on this topic, see *ibid.*, pp. 114, 121–124.

[19] Zbigniew Brzezinski, "What Kind of Détente?" *Washington Post*, August 4, 1974.

[20] Marshall D. Shulman, "SALT: Through the Looking Glass," *Arms Control Today*, 2 (February 1975), p. 1.

[21] George Bunn, "Missile Limitation: By Treaty or Otherwise?" *Columbia Law Review*, Vol. 70 (January 1970), pp. 1–47.

[22] This commentary has focused on SALT, where secrecy is most extreme. However, other areas, particularly other bilateral negotiations with the Soviet Union, require reassessment. For example, in the bilateral nuclear test ban negotiations of 1974 which produced the unfortunate draft "threshold" test ban agreement, neither the nation nor the Congress was aware of what proposals the United States or the Soviet Union made. The official, U.S. position is that the United States seeks a comprehensive test ban, adequately verified—which the administration says requires on-site inspection. It is an "open secret" that this is not the real position of the government. Executive branch experts have testified that on-site inspection would not improve verification capabilities over those possible with "national technical means." The real reasons why the government has not sought a comprehensive ban are that the military wishes continued testing and Mr. Kissinger believes U.S.-Soviet agreement on a complete test ban would, by appearing to be directed at pressuring China, interfere with his China policy. These are arguments which should be debated, but in the open. Only then, and if a U.S. effort to achieve a complete ban is made, can pressure be applied to alter two elements of Soviet policy which require change, Moscow's current wish to exclude explosions for peaceful purposes and its apparent unwillingness to agree to a permanent ban if China is not a party. Given the direct relationship of a full test ban to nuclear non-proliferation efforts, secrecy here is incompatible with increasing public concern about the proliferation problem.

[23] Benjamin V. Cohen, "The Quest for Peace," delivered at an academic convocation at Dropsie College, Philadelphia, March 17, 1952.

MASSACHUSETTS LOCAL INITIATIVE PROGRAM

Mr. KENNEDY. Mr. President, I would like to call to the attention of my colleagues an innovative approach to manpower training being implemented by the State of Massachusetts with CETA funding.

Massachusetts has adapted the Canadian Local Initiative program to our State's unemployment problems. More than $1 million in CETA funds has been awarded to 27 local government sponsors and community groups to implement these locally conceived job creation programs in rural Massachusetts, in Boston and on the Cape. The Executive Office of Economic Affairs will sponsor the Massachusetts Local Initiative program, MLIP, to operate on a 6-month experimental basis. More than 300 people will be employed under MLIP projects.

Among the projects receiving aid will be a training program for slightly retarded adults to serve as teachers' aides to seriously retarded young people, a Cape Verdean cultural center for the Portuguese-speaking community of southeastern Massachusetts, a program to convert an unused Chelsea synagogue into a bilingual day care center, fire prevention assistance to Lawrence, the Allston-Brighton Residential Improvement project, a Roxbury Community Hypertension Screening Referral and Information Service, and the Jamaica Plain/Roxbury Food Cooperative Community Outreach project.

The Executive Office of Economic Affairs designed the experimental program on the recommendation of the Massachusetts State Manpower Services Council. Special provisions in CETA legislation giving Governors the opportunity to fund special employment-creating projects were utilized. Nearly 500 individuals, local governments, and community organizations applied. The distinguishing feature of the program is to hire unemployed persons on short-term projects contributing to the community's quality of life, as defined by the community.

The unique approach of the Canadian program in encouraging project initiation outside of Government agencies, as well as its administrative ease, low overhead, and simplicity, has drawn much attention. The Canadian results have been encouraging within the limits of the program goals. Hopefully, a successful Massachusetts experiment will set a precedent in this country for community involvement in job development efforts.

The June–July newsletter of the Center for Community Economic Development in Cambridge, Mass., includes an article by Cynthia Rose on the MLIP. This article describes the projects and details their goals, requirements, and prospects for success. I ask unanimous consent that this article be printed in the RECORD.

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

MASSACHUSETTS LOCAL INITIATIVE PROGRAM

In an adaptation of the Canadian Local Initiative Program to U.S. unemployment problems, 27 Massachusetts community groups and local government sponsors have been awarded over $1 million in CETA funds to implement innovative job creation programs in their communities. The Massachusetts Local Initiative Program (MLIP) will operate on a six-month experimental basis beginning this summer, under the sponsorship of the Executive Office of Economic Affairs. Projects expected to employ some 300 persons in such diverse activities as cultural summer programming and a community canning project will operate in areas as varied as metropolitan Boston, rural western Massachusetts, and the rock cliffs of Marthas Vineyard.

Utilizing special provisions in CETA legislation that give the Governor the opportunity to fund special employment-creating projects, the Executive Office of Economic Affairs designed the experimental program this spring on the recommendation of, and with assistance from, the State Manpower Services Council (which consists of the chief administrative officers of the state's larger cities and representatives of business, labor, government, and community groups). Individuals, community organizations, and local governments were invited to apply. More than 1,200 Requests for Proposal were distributed throughout the state, and 487 applications were submitted for funds to hire the unemployed on short-term projects that would "contribute in some special way to the quality of life in the community."

DESCRIPTION OF PROJECTS

Awards for community service projects range from $25,000 to $50,000. One grant will be used to train mildly retarded adults to serve as teachers aides to seriously retarded youngsters; another will help establish a Cape Verdean Cultural Center for southeastern Massachusetts Portuguese-speaking community. Other projects selected include a $31,000 program to convert an unused three-story synagogue in the Chelsea area of Boston into a bilingual day care center to serve the city's sizable Spanish-speaking population, and a $42,000 grant to assist the city of Lawrence in fire prevention by hiring special "fire monitors" who will be trained in these techniques as well as in evacuation procedures. Most projects are designed to last the entire 26-week period, and some have the specific goal of becoming self-sufficient by that time.

Among the other grants:

A Community Hypertension Screening Referral and Information Service project in Roxbury has received $39,000 to employ 9 persons to screen more than 10,000 residents—at shopping malls, stores, and homes of the elderly—as well as to provide referrals and educational services.

The Allston-Brighton Residential Improvement project received $32,581 to employ 7 persons to offer home improvements, at low or no cost, to senior citizens or financially burdened small homeowners.

A $44,743 grant to the Jamaica Plain/Roxbury Food Cooperative Community Outreach Project will help establish a neighborhood food co-op and supply food at little more than wholesale prices; it will also provide a center for community activities.

The Wareham Historical Society plans to hire 8 persons on a $42,000 grant to finish reconstructing several old historic buildings in the New Bedford area and provide necessary staff to open the sites to the public, hoping eventually to keep the sites open year-round and to train local residents to maintain them.

With a $32,000 grant, the Chester Bicentennial Committee proposes to teach several hundred residents traditional handicrafts (crewel embroidery, rug-hooking, and handweaving) as well as to provide marketing training and services to participants.

A $44,000 grant to the Gay Head (Martha's Vineyard) Economic Development Project will help train 12 resident Native Americans of the Wampanoag Tribal Council of Gay Head in various aquaculture procedures—shellfish management and water quality maintenance among them—and expects these trainees to be absorbed later into the Tribe's ongoing aquaculture program.

Women in Agriculture, Food Policy, and Land proposes to hire 13 persons to stimulate local, small-scale farming in central/western Massachusetts. The project intends to create a community canning center with its $48,000 grant, which will serve as a model for other such centers throughout the state. Anticipating contracts with local public service food-providers (schools, elderly nutrition programs), the organization hopes to establish a firm economic base for continuing the canning center beyond the MLIP grant period.

MLIP GOALS AND REQUIREMENTS

MLIP incorporates many of the concepts of the Canadian Local Initiative Program (see the February 1976 *CCED Newsletter*), which is designed to provide short-term, seasonal employment opportunities, and is meant to encourage individual and community initiative rather than simply to add money to existing state (provincial) or local governments services—or even to duplicate these services. Hiring will take place through local Division of Employment Security offices, with employee wages not to exceed the prevailing community wage scale for similar work.

Projects were selected for funding on the basis of their experimental value, as well as the extent to which they met MLIP objectives of providing a good or service to a community that in some way improves the quality of life, is currently needed but unavailable, and at the same time offers productive employment to those certified as eligible for participation in CETA programs. Other criteria for project selection involved human development potential, services to the disadvantaged, lack of duplication of existing programs, significance to the community, linkages to other programs and/or service networks, and the possibility of the project's continuing on an independent basis after the expiration of the MLIP grant period.

Overall program administration will be conducted by the State Manpower Services Council and is designed to be minimal; one of the most attractive features of the Canadian model, in fact, is its reduced bureaucracy. Evaluation of the program by an outside, independent evaluator will begin with the inception of the experiment; a report on the status of specific projects will be issued by the sponsoring agency after three months, with an overall report upon completion of the program in February.

PROSPECTS FOR SUCCESS

The Canadian program has attracted a good deal of attention in this country because of its simplicity, ease in administration, and low overhead costs, as well for its unique approach of encouraging project initiation outside of government agencies. But the very nature of the Canadian model that makes it attractive to some is at the same time a drawback in the eyes of advocates of community economic development strategies who view building an institution and establishing a financial base as crucial to having any significant effect in combating joblessness or changing the nature of job creation from a top-down to a bottom-up procedure.

The restriction of the MLIP to short-term, nonprofit ventures, although it does meet some of the more strident demands for jobs, does not offer hope for any long-range effect on unemployment statistics. The grants that were awarded are disappointing in certain respects; only a small number of projects are truly innovative or have any possibility of self-sufficiency, and few provide any primary sector employment. MLIP thus appears to be just one more form of public service employment, even though a small number of the grantees are community-based organizations who have taken their constituency's needs into consideration in submitting their proposals.

Moreover, the MLIP requirement that any revenues generated during the grant period (although not afterward) be returned to the Office of Economic Affairs for use in furthering CETA objectives reduces the ability of the project to generate any degree of self-sufficiency. It likewise limits the possibility for continued employment of participants, since their chances of being absorbed into already swollen municipal payrolls are slim, and no effort will have been made to create an institution to perpetuate these jobs.

(The Canadian LIP is similarly limited, and, with this in mind, officials are contemplating an "Entrepreneurial LIP" for more permanent, profitingmaking enterprises. In addition, there already exists a long-term job-creation program, the Local Employment Assistance Program (LEAP), whose major objective is the development of employment alternatives for the chronically unemployed through funding projects that have the capacity to become self-sustaining, thus providing more stable employment possibilities.)

Results of the Canadian LIP have been encouraging within the limits of the program goals. A successful experiment in Massachusetts, however limited, could well set a precedent in the United States for community involvement in job development efforts. Other programs utilizing the Canadian model are under way in North Dakota, Montana, and Utah. Taken all together, these local initiative job-creating programs represent a start to attacking unemployment at a level where the community gets to determine some of the priorities. However, community groups must be wary of some of the other dimensions, such as where the actual control lies, since this is what will distinguish "local initiative" from other, run-of-the-mill government programs.

CYNTHIA ROSE.

A CAMPAIGN FOR FOOD AND AGRICULTURE: THE CARTER-MONDALE VIEW

Mr. TALMADGE. Mr. President, the real core of our Nation's agricultural policy for the past 40 years has been the unique "delivery system" of our farm programs—the county offices and county committees, elected by the farmers themselves, which are the people's contact with their Government.

It is fitting, therefore, that my longtime friend, Bobby Smith, chairman of the National Carter-Mondale Committee for Food and Agriculture, chose the two groups of people who are instrumental in the committee system to outline the policies and hopes of Jimmy Carter for agriculture and rural America during this campaign.

On July 20, Bobby Smith, himself a cotton farmer from Winder, Ga., who has an intimate knowledge of these programs, spoke to the National Association of Farmer-Elected Committeemen here in Washington. He was critical of the way that the current administration has dealt with farmer-elected committees and outlined his thoughts on their role in a Carter administration.

And on August 13, he addressed the National Association of ASCS County Office Employees, also in convention in Washington, and spoke about the importance of the traditional values of rural people in this campaign and in this society.

In order that our colleagues have an opportunity to study these views, I ask unanimous consent that they be printed in the RECORD.

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

REMARKS OF P. R. SMITH, CHAIRMAN, NATIONAL CARTER COMMITTEE FOR FOOD AND AGRICULTURE, TO THE NATIONAL ASSOCIATION OF FARMER-ELECTED COMMITTEEMEN

Last Thursday night, Jimmy Carter made a promise to the American people. He said: "It is time for the people to run the government, and not the other way around."

Today, I want to expand on that promise. I say that it is time for America's farmers and ranchers to have a voice in farm policy once again. We have been ignored for eight long years.

Eight years of frustrations, foreclosures and fears.

Eight years of a systematic effort to destroy our farmer-elected committees.

Eight years of intentional efforts to make farm programs confusing and unpopular with farmers.

Eight years of systematic back-pedalling on conservation programs.

Eight years is enough. In fact it's eight years too much.

Our farmer-elected committees represent one of the unique and successful experiments in two hundred years of American democracy. Forty-three years ago last May, President Franklin D. Roosevelt signed into law the Agricultural Adjustment Act of 1933. Many of you can remember those days. We were in the depths of the depression—a depression that was farm-bred and farm-spread, until it reached every corner of America.

Farm prices were measured in pennies. Mortgages piled up. Markets shut up. The land dried up. What the grasshoppers missed, the scorching sun and the hot wind got.

FDR knew that agriculture was at the base of the depression. He knew that it would be the leading edge of the recovery. Thus began your experiment in democracy. Thus began a success story that should be a model for other parts of our economy. The system was improved in 1936, and modified throughout the years. But its two basic concepts remained the same; first, committeemen were to be elected through the democratic process, in their communities and in their counties; and second, the person best able to administer farm programs is the farmer himself.

America and its farms and ranches have changed a lot in forty-three years. Your government's response to the problems of American agriculture has to change along with it. But this Administration doesn't want simply to modernize farm programs or make them more efficient. They want to destroy farm programs altogether. Ezra Taft Benson tried it in the 1950's, but your friends in Congress remained steadfast. The last eight years has sounded like a re-run of the Benson days—and it's been almost like a long-playing record. We've been fortunate to have good friends in Congress these past eight years. Nevertheless, they have been difficult years.

Our next vice president, Senator Mondale, said it perfectly:

"The Congress has been able to prevent the worst, but the President has been able to prevent the best."

For more times than I can count, the Congress has had to order the President to carry out the law. Most recently, the

Senate re-emphasized its support for "the grass roots participations of farmers in the programs of the Department of Agriculture through the farmer-elected community committeemen."

But the search-and-destroy missions in this Administration have not been limited to the programs of ASCS. They took farm policy out of the hands of a Secretary of Agriculture who has managed to insult and infuriate the 96 per cent of the population who don't live on farms. It's one thing to stick up for the farmer and rancher. But it's quite another thing to set out to drive a wedge between farmers and consumers.

Whoever Jimmy Carter picks to be Secretary of Agriculture will carry out his pledge to bring this country back together. He will choose a Secretary who can heal the bitter wounds of the last eight years. We're going to have balance in our food and agricultural policies once again. I've heard it said that this year's choice is between President Ford's policies of the free market and returning to a Democratic way of high price supports and rigid controls on farmers. Nothing could be further from the truth.

We're going to have high support levels—you can bet on that. The Ford-Butz support levels are as outdated as the Ford Model T. But nobody wants rigid controls on the basic crops today—not you, not Bobby Smith, nor Jimmy Carter. There are markets for all we can produce—if we go about building and securing them. And we can't keep stable markets if we have off-again, on-again export controls. We can't maintain our markets if we look the other way while exporters dump dirt and chaff in their ships and call it Number 2 yellow corn.

Jimmy Carter's detailed farm and food policy is due for publication within the next several weeks. It will build on the successes of the system that has served our farmers and ranchers for more than 40 years. It will put behind us the "we know best" theories of the ivory tower agricultural economists. It will mean a farm and food policy developed after farmers and ranchers have had their say in the matter—through your committees, through farm organizations, through commodity groups and others. It will mean a complete reassessment of how the USDA bureaucracy has been tangled up and tied up these last eight years. It may mean realignment—so farmers can be served better, so farmers can trust their own Department of Agriculture once more. And it will mean some new faces.

One of Jimmy Carter's major goals for farm and ranch families is to send Earl Butz back to Purdue—and Ralston-Purina. But I have a different goal. Back home in Winder, Georgia, I grow cotton. I think we have a real future—real growth ahead—for the cotton industry. So we need to produce all the cotton we can grow. And I want Ken Frick back in the cotton business. I want him to raise more cotton and quit raising farmers' blood pressure.

So a number of us have organized a retirement club for Ford, Butz and Frick. We call it the National Carter Committee for Food and Agriculture. Your association must remain non-partisan. But that fact must not prevent each of your members and officers, as individuals, from participating in political activities which are important to you and to your neighbors.

I am here today to enlist as many of you as I can—Democrats, Republicans, and Independents—in our crusade to send Frick back to Fresno. A few of you, no doubt, will end up on the other side. That's what makes our political system healthy. But for the vast majority of you who share our goals, I need your help in the National Carter Committee for Food and Agriculture. Within the next few weeks we hope to announce more than 200 members of the National Committee—from every commodity, every region, every sector of food and agriculture. Already we have an impressive leadership group. Your friend, Congressman Bob Bergland, will be our national vice chairman. We have four regional chairmen: Congressman Tom Foley in the West, Illinois Agriculture Director Robert Williams in the Midwest, West Virginia Agriculture Commissioner Gus Douglass for the South, and U.S. Senator Patrick Leahy for the Northeast.

We fully intend to be organized and effective in every state, every region of rural America. We will spread the positive story of Jimmy Carter, the Georgia farmer, and his understanding of the real problems facing farm and ranch families today. Never in recent years have we had a presidential candidate with such intimate knowledge of food and agriculture. Farmers and ranchers have a real opportunity in 1976 to affect the choices which will bear so heavily on their lives and livelihoods in the next four years.

I need your help—Jimmy Carter needs your help—and the future of American agriculture needs your help.

And our nation will understand the importance of rural America only when our national leadership shows the way. We need the kind of leadership that recognizes the importance of the American farm family in our economic recovery, and understands the contribution of food and agriculture to peace among men.

When I say the best way to achieve those goals—the best way to bring an understanding view of agriculture to our national government—is to put a farmer in the White House, you can believe that I mean it. But if we are to achieve that goal, we need your help.

I realize that this is not a political organization. And I realize that you are public employees—that you are limited in what you can do in partisan politics. Obviously, you may not handle political contributions or manage political campaigns. You can't line up rallies, but you can go to them. There is nothing that can prevent you from speaking out, or writing a letter to the editor, to express your views on farm issues or about a particular candidate. I can't ask you to wear a Carter button in the County Office.

But I can appeal for your support and for your vote. Farm families this year have a big stake in how this election comes out. When I say that the decisions in food and agricultural policy in the next few years may affect the lives and livelihoods of millions of our fellow humans—you can believe it. When I say that the directions we take in next year's farm bill are going to depend in large measure on who is in the White House—you can believe it. When I say that the future of our whole system of bringing Agriculture Department services to the people of rural America may depend on this year's election—you know you believe it.

And when Jimmy Carter tells us that his Secretary of Agriculture will be a full partner in this Government, I believe him—and so can you.

It's time we put American argriculture up front—where it belongs.

I know that's your goal.

I can assure you that it's my goal.

And it's Jimmy Carter's goal too—you can count on it.

REMARKS OF P. R. SMITH, CHAIRMAN, NATIONAL CARTER COMMITTEE FOR FOOD AND AGRICULTURE, TO THE NATIONAL ASSOCIATION OF ASCS EMPLOYEES

American agriculture is complex and exciting today. It is productive all of the time, and prosperous part of the time. Agriculture is indispensible. It is essential. And it is basic to our everyday survival. It is constantly changing, always challenging, and forever one of the highest-risk adventures known to mortal man.

But above all, our agriculture is truly American in character—broadly based across our land, and intimately connected with jobs, the strength of our economy, and peace throughout the world. I am proud to be part of this exciting business. And you can be proud of the important service you render to American agriculture. In a very real sense, you are the "service corps" of our national government—the link that brings our people and their government together. You are the people who make it all work.

I am a cotton farmer from Winder, Georgia, and I am here today on behalf of a peanut farmer from Plains, Georgia. But it might as well be Winder, Idaho—or Plains, Iowa—because our interests in agriculture are national in scope. Our products may be different, but our problems are the same. The wool grower in Wyoming is concerned about synthetic fiber. And so is the cotton farmer in California. The tobacco farmer in North Carolina wants better markets overseas. And so does the wheat producer in North Dakota.

There is so much that unites us—so much that we share in common—across this wide spectrum of America's farming and ranching. But there is an even greater bond—even stronger than the fact that we are in the same business—that ties us all together. And that is the common sense of values that is important to the people of rural America. It is the recognition that, in the final analysis, an honest day's hard work will pay off.

It is the feeling of neighborliness, the certain knowledge that we will have friends even when the chips are down. It is in the way we do business—where a man's handshake is often as good as his signature on a contract. And it is in our homes and in our churches—families that are the backbone of our society and churches that are the hub of our communities. It is, I believe, this shared sense of values—this common bond, that explains more than any other factor the success of Jimmy Carter with the American voters this year.

It is, I am convinced, the reason he won the Democratic nomination and the reason he will be elected President this fall. Americans have been bombarded in the last few years—besieged with war, scandal, crime and controversy—almost to the point of exhaustion.

We are ready to see some of the rural virtues restored—to return honesty to government, to put trust back in politics. We're fed up with the same old game. We're tired of politics as usual. The prospect of a Jimmy Carter Administration is also the hope of a clean break with the shady dealings that we've seen so often. Jimmy Carter means to change the way that Washington has run things for these past eight years—and to change them for the better—all the way across the board.

Let's look at what this will mean to you—what it will mean in food and agriculture. First, it means that we're going to have a food and agricultural policy. We're going to replace the scatter-gun, nonsensical, nonpolicy of Nixon, Ford and Butz—with a policy that makes sense to farmers, ranchers and all Americans. It means that we're going to have a policy that has a little predictability for a change—so farmers can make plans based on reasonable assurances that they won't be wiped out.

We're going to send Butz back to Ralston-Purina and put Ken Frick back in the cotton business—and then we can make the Department of Agriculture work once again. Furthermore, the Carter Administration's food and agricultural policy will be developed by the people, and not by the special interests. It means close communication with farmers—through your farmer-elected commit-

tees, through farm organizations, and through commodity groups.

During the next several weeks, you can count on hearing a lot of charges and political claims from those who think they know what our farm policy will be like. Already we're seeing the opening shots in a campaign of distortions and half-truths. In some cases they have been outright falsehoods. It's almost as if Earl Butz has a touring show of trained puppets ready to give the American farmer a snow job. It's almost as if they believe that we have a secret plan to bring back the dust bowl, the great depression and a plague of grasshoppers.

A couple of weeks ago, I read a newspaper column that said, flat out, that Jimmy Carter wants—and I quote: "an end to the present growing-for-market concept and a return to the old days of growing for the government loan." That's a lot of baloney. The fellow who wrote that article must know it. Earl Butz knows it. You know it and I know it. But I'm afraid that's a sample of what we're in for between now and November.

A few days ago, one of the more passionate apologists of Nixon, Ford and Butz claimed that electing Jimmy Carter would mean "grain embargoes whenever labor leaders want them" and "prices fixed by bureaucrats." That's a lot of baloney too. It's the same kind of political bunkum we used to hear from the Republican National Committee in 1972—and I think American voters have had their fill of that sort of campaign. I don't believe we are going to be fooled again. Farmers and ranchers are too sophisticated to be taken in by that kind of politics. They know full well it was not a Democratic administration that knuckled under to pressure and clamped an embargo on grain sales last year.

They know full well it was the Administration of Gerald Ford and Henry Kissinger and Earl Butz. Another newspaper article the other day said that Fritz Mondale had proposed that we "scuttle the market system for setting farm prices." He said no such thing. I've read his press release and I've read a word-for-word transcript of what he said. Nothing in either one remotely suggests that he wants to "scuttle" the market system.

I'm beginning to wonder if any of these writers would recognize a free market if they saw it. But then again, after the past few years, I wonder if anyone would recognize a free market. The President keeps telling folks that we have a free market. Perhaps he's at least part way right. He does fight for the free market when farm prices are low. But when prices start getting profitable for farmers, then Mr. Ford's government bureaucrats decide they should intervene in the marketplace.

When cattle prices are profitable, they put a price ceiling on them. But when cattle prices collapse, they holler "hands off." When grain prices are profitable, they manage to come out with four embargoes in three years—so they can push farm prices down. But when prices look like they'll drop—and your friends in Congress try to increase your price supports—Nixon, Butz and Ford holler "veto."

The current Secretary of Agriculture loves to fly around the world, and tell other countries that they need to provide better incentives for their farmers. I'm for a little more consistency. If price incentives are good for the rest of the world, they're good for American farmers too.

We're going to have a farm and food policy that lets the market work—so that farmers can be assured of covering their production costs and have a chance to make some money too. I'm looking forward to a tough and challenging campaign between now and November second. But I want it to be a clean and fair campaign. Jimmy Carter wants to discuss the issues. So do you; so do I.

When Jimmy Carter or Fritz Mondale say they can remove the threat of embargoes, I believe them—and so can you. Food and agriculture are fast becoming the most important issues that will face us as a nation. But we are not facing up to the importance of these issues today. We are not facing up to them when we permit our agricultural research budget to drop to less than two-thirds of what it was ten years ago.

We are not facing up to a really global agricultural challenge when we allow our farm programs to be dismantled on a systematic basis. We are not facing up to our responsibilities when we allow our conservation programs to be impounded, vetoed, cut back and allowed to die. We are not facing up to our obligations when we allow thousands of dairy farmers and hundreds of cattle growers to go broke each and every year.

It's time we recognized the critical importance of food and agriculture on a worldwide scale.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, on January 12, 1951, 25 years ago, the International Convention on the Prevention and Punishment of the Crime of Genocide went into effect. At present there are 75 nations party to the Genocide Convention, including almost all of our NATO and SEATO allies. Americans who have traveled to Western Europe, Canada or Mexico were in countries where the Genocide Convention is in full force.

There is no need to engage in speculation about the possible effects of the Genocide Convention on the United States. Instead, we can look at the countries that have ratified the convention and see how it has actually affected them. Many are democracies and some have federal forms of government. Their experience with the convention should give us the basis for making a realistic assessment of the impact of the convention on the United States.

No citizen of any of these 75 nations has been tried by an international court on charges of genocide. No citizen of these countries has ever been extradited to a Communist country to stand trial for genocide. This convention has not abridged the freedoms of speech and assembly of any of the citizens of these countries. The convention has not disrupted the governmental structure of any nation established on principles similar to those upon which the United States is based. With this experience behind us, there is no reason to be fearful that ratification of the Genocide Convention will have harmful effects on the United States or its citizens.

American ratification of this document will put the United States formally on record as opposed to the crime of genocide. It is not enough to say that we are opposed to genocide; we must act. Ratification of this treaty is the most constructive action we can take. Mr. President, I urge the Senate to ratify the Genocide Convention without delay.

NATIONAL SCIENCE FOUNDATION

Mr. KENNEDY. Mr. President, as chairman of the Senate Subcommittee on the National Science Foundation, I want to express my concern over information which has come to my attention concerning the manner in which the Foundation has awarded grants for energy policy research.

The basis for that concern is outlined in the following letter which was sent today by the subcommittee to the General Accounting Office.

The material developed by the subcommittee thus far has also been provided to the Senate Antitrust Committee for the assistance of its members in evaluating testimony in which the findings of the grants in question have been cited.

I ask unanimous consent that the text of my letter to the Comptroller General be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., August 24, 1976.

Hon. ELMER B. STAATS,
Comptroller General,
General Accounting Office,
Washington, D.C.

DEAR MR. STAATS: As Chairman of the Senate Subcommittee on the National Science Foundation, I am gravely concerned over information which has come to the Subcommittee's attention concerning the manner in which the Foundation has awarded grants for energy policy research. The material developed by the Subcommittee to date casts serious doubt on whether the Foundation has been diligent in weighing the impact of outside funding on the findings of the policy analysts it supports, the Foundation's ability to determine whether that research can be presented to the Science Adviser as objective and independent, and whether, in the energy policy area in particular, the criteria of excellence which have always been the hallmark of NSF-sponsored research are being rigorously applied.

The situation which prompted the Subcommittee's inquiry is that of the award of $130,000 to Dr. William Johnson of the George Washington University's Energy Policy Research Project for the preparation of a series of papers on federal oil and gas policies. These papers were to provide information and analysis for the President's Science Adviser to assist him in making recommendations on appropriate Federal actions in the oil and gas segment of energy policy.

Dr. Johnson stated clearly in his grant applications that the National Science Foundation would not be his only source of support and that he would be spending one-fourth of his time on non-N.S.F. supported activities. The Foundation, however, made no effort to determine the source of that outside funding—some $125,000—and did not learn until one month ago, following inquiries from the Subcommittee, that this support came from elements of the oil industry which hold clear and well-defined positions on divestiture and other subjects of Dr. Johnson's inquiries. Moreover, among those federal employees selected by the Foundation to review the proposal were two who had worked under Dr. Johnson's supervision and who had been his superior. The opinion of only one outside reviewer who was not an employee of the Treasury Department or the National Science Foundation was sought prior to the award of the grants.

Because this research is designed for use by the President's Science Adviser in making federal energy policy recommendations, I feel that a thorough inquiry is required into the situation I have outlined above, along

with recommendations for the improvement of N.S.F.'s procedures. Moreover, I am concerned over the propriety, without an accompaying disclosure of all sources of funding, of the use now being made by the oil industry of Dr. Johnson's work in its advertisements urging opposition to divestiture. I would urge, therefore, that you inquire into what procedures govern the dissemination of policy research results, to ensure that users of that research are aware of all sources of funding, the policies which now exist, and any recommendations for change which may be necessary.

I have attached for the G.A.O.'s use the material developed by the Subcommittee thus far, and am requesting a full investigation by G.A.O. into this matter. I would hope hat by using the information gathered by the Subcommittee thus far, your own investigation could be completed promptly and that you will be able to provide us with a full report no later than September 15, 1976.

Sincerely,

EDWARD M. KENNEDY,
Chairman, Special Subcommittee on the National Science Foundation.

IMPORTANCE OF R. & D. TO MATERIALS POLICY

Mr. MOSS. Mr. President, the bill that I introduced on June 29, 1976 (S. 3637) is titled "National Materials Policy Research, and Organization Act of 1976." Part of the declaration of policy of that bill states:

The Congress declares that a central objective of the materials policy of the United States is to establish a strong foundation of basic and applied research in materials science.

Why is research important to a materials policy? If we need more iron, or copper, or other critical material, why do we not just go out and find some more; how is research related to that?

The answer is, of course, that the problem of iron and copper and other such materials is not just a matter of seek-and-find—although even here research on better detection methods may be crucial—but may also be a matter of developing brand new materials as substitutes. And not just second-choice substitutes, but new materials whose properties may actually be superior to the original material.

Let me give you some examples. As iron ore begins to get scarce and more expensive to find, what can we do? Steel is absolutely essential to the construction of roads, bridges, buildings, and many other products. The answer is composite materials—tiny whiskers of super-high-strength boron or carbon embeded in a matrix of a more abundant material such as aluminum or epoxy. Not only are some of these materials stronger than steel, they also are lighter than aluminum.

Therefore, they can be used to advantage in applications where steel would be too heavy, such as in aircraft construction. You can already buy superior golf clubs, tennis rackets and racing bicycles made from these super strength materials, but, as of now, they are expensive. Additional research and development and wider usage will bring these costs down.

Copper is another basic material that is becoming harder to find and therefore more expensive. And yet, our vast communications systems are a veritable maze of interlacing copper wires. How will we build these communications systems when we run out of copper? The answer is fiber optics. A glass fiber thinner than a human hair can carry thousands of times more information than a copper wire.

In addition to carrying razor-sharp TV pictures, these fibers do not emit and are not susceptible to electromagnetic interference. But best of all, these fibers are made from cheap, abundant silicone—glass. Widespread use of these fibers is expected to come quickly, thereby helping us to conserve our dwindling copper supplies.

Another problem we have is with solid wastes. Americans generate an incredible 150 million tons of solid waste each year. Not only does this create an enormous disposal and environmental problem, but it is a profligate waste of useful materials. Research projects under way will allow us to remove useful solids such as metals, paper, and glass more efficiently and also to convert much of the remaining organic material to protein for animal food, or to oil, methane gas, or solid fuel for ultimate conversion to energy.

Some of NASA's efforts in materials research are worthy of noting here. Experiments performed recently on Project Skylab indicated that the processing of materials under conditions of weightlessness may produce materials with different characteristics, as needed for specific functions, or with superior performance qualities. The importance of processing in space to the materials scientist is two-fold: the removal of gravity allows the observation of basic material forces at work, and the use of the high vacuum of space allows discovery of exceptional shaping and purification capabilities in materials.

Ten new materials experiments were also included aboard the Apollo-Soyuz Test Project, and NASA plans more activities of this nature for future Space Shuttle projects. The implications for materials policy center mainly on the opportunity to develop acceptable substitutes for materials in short supply, or the discovery of new synthetic materials that could affect the future selection of materials for various uses.

NASA scientists and others have been conducting significant R. & D. on thin film techniques for solar cell concentrators. Recently, the results of scientists at NASA's Jet Propulsion Laboratory were described, in which thin films of gallium-arsenide are deposited on the collector surfaces of solar cells. Improved efficiencies of 19 to 21 percent have been reported. The implications for materials policy are obvious. Many people look to solar energy as a means of relieving dependencies on foreign supplies of oil and to produce a cleaner, more environmentally acceptable form of energy. Continued research will help to develop an acceptable efficient and inexpensive solar collector to help meet these goals.

Agricultural products are materials, too, and the importance of research in the development of new and better agricultural products cannot be underestimated in the face of burgeoning world populations.

Recently, researchers have developed several new soybean varieties that are not only resistant to pests but also produce a higher level of protein, thus increasing both quantity and quality.

New corn hybrids and wheat strains have been developed that resist pests and disease and increase production while significantly reducing the need for chemicals. Carrots are being developed with more vitamin A, cabbage with more vitamin C, and potatoes with more protein.

And in an exciting new experiment off the coast of California, kelp plantations are being designed that would produce abundant quantities of methane gas for fuel and nutrients for food crops and livestock.

These fast-growing kelp plants may be the most efficient users of the photosynthesis process on earth, and, through increased R. & D., may make a considerable contribution toward solving our energy and materials problems.

Mr. President, the world population now stands at 4 billion, and every day that passes it grows by another 200,000. The 4 billion will be 6 to 8 billion before the end of this century—a scant 24 years away. Somehow, we are going to have to feed all these people, and clothe them, and provide homes and transportation and energy and a decent and healthy environment for them within which to live. The strain on the earth's resources of materials will be great. The challenge to provide these materials will be staggering. It is unlikely that we can adequately meet this challenge without a substantial increase in our R. & D. efforts to produce new and better materials and more efficient means of using the resources that we have.

Mr. President, many of the examples that I have used in this statement have been taken from a paper prepared at my request by the Congressional Research Service. I ask unanimous consent that this paper be printed in the RECORD.

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

EXAMPLES OF MATERIALS R. & D. WHICH ILLUSTRATE THE IMPORTANCE OF R. & D. ACTIVITY; JULY 20, 1976

(By George N. Chatham, Specialist in Aeronautics and Space)

Research is basically conservative by nature whatever the stated goals may be. A product of research—a new concept or device is considered successful when it is generally accepted or widely used. Achieving wide acceptability, however, requires that the new product offer significant advantages. These advantages are almost without exception defined as the performance of a needed or valued function at a significantly reduced cost in some valued resource.

Even when the product of research is solely knowledge, such as is the case with much medical research, the effect can still be defined as conserving life.

Providing a new function or improving a function already available by existing means are generally identified as the goals of a research effort but, on the whole, success in this sense may be of secondary importance in

determining the degree of application. The following examples were selected to illustrate that it is almost always the degree to which a new product of research conserves one or more valued resources that determines its success.

THE LASER

Some innovations and inventions are successful because they provide a new function or effect for which useful applications can be found. The new ubiquitous laser is an example of this type. In 1960, it was called a "laboratory novelty" and an invention "in search of an application".

Within a short time, however, it became clear that the thin beam of coherent light emitted by the laser could be made to transmit a higher concentration of energy than any known device. It could serve as a surgical knife, or serve as a heavy duty industrial cutter. As an industrial drill, the laser could flash precise holes through the hardest substances, performing operations formerly requiring many days of continuous operation. The beam could be modulated to transmit information directly or through a filament of glass with a density order of magnitude beyond any existing conductor.

Within a decade hundreds of successful applications appeared, in each case success being determined because the use of the laser provided a function at a significantly lower, sometimes fractional, cost in resources formerly required.

The coherent beam of light emitted by the laser did not exist prior to the laser and therefore the uses for this beam of light were unknown when the laser appeared. More commonly, the products of research offer an alternative means of providing an already existing function, such as the production of thrust to power an aircraft.

JET ENGINES

The jet engine reduced the weight of aircraft power plants by more than an order of magnitude for a given power output. However, the amount of thrust they produced for fuel consumed was something less than the competing reciprocating engines. This "fuel hungry" reputation led to early forecasts of no commercial success. However, the secondary effects of such great savings in weight quickly reversed these forecasts.

The simplicity of the jet permitted engine designs with power outputs of an order of magnitude beyond the largest practical reciprocating design. The weight savings provided initially by the engine comparison could be augmented by the additional reductions on weight related to the simpler, smaller and lighter airframe requirements. Translating these gains into payload quickly insured the economic success of the jet engine. Even the valid observation about the higher fuel consumption for a given level of thrust had to be viewed in the larger perspective of total payload carried per unit of fuel consumed. In this perspective, the jet engine again proved its superiority. Within only six years following the introduction of the jet on the Boeing 707, the piston powered airliners had become, by comparison, too expensive to afford and virtually all of them had been replaced by the jet powered aircraft.

The conservative nature of this innovation becomes clear from the consideration that during the twelve years following the introduction of the jet, passenger air mileage in the U.S. rose almost by a factor of 10. The size of the commercial fleet, however, increased by only a few percent. Air fares reflected lower operating costs by remaining almost fixed during this period—failing to reflect the general cost increases due to inflation.

It is likely the aerial transportation growth may never have occurred if the jet engine had failed to be adopted. The continuation of the piston powered aircraft to meet today's market would have required a tenfold increase in aerial traffic, aerial navigation and traffic control systems, airports and all other ancillary facilities.

TRANSISTERS AND "CHIPS"

Another product to provide an alternate means of accomplishing an existing effect emerged from research in solid state electronics—the transister and its derivatives, the most recent of which is the integrated circuit or "chip." The processing of electronic signals was accomplished by vacuum tubes and ancillary devices prior to the solid state innovation. How much more for how much less the solid state devices provided when compared to older methods was dramatically illustrated by Mr. C. Lester Hogan of Fairchild Camera at a recent convention in Boston.[1]

Mr. Hogan took 18 chips from his pocket and tossed them to the audience. He explained that he had just given them . . . "$18 million worth of computer power—or it was 20 years ago." He was comparing the chip to an equivalent IBM computer which cost $1 million in 1950, but costs less than $20 today.

Here we have an innovation of higher reliability than the devices it replaced, requiring less energy by six orders of magnitude and requiring less material to fabricate by about the same extent.

OTHER EXAMPLES: RESEARCH TO IMPROVE PLANTS [2]

The most pressing issue for R&D is to increase food production totals in spite of the ever-decreasing acreage total.

Some of the traditional and new ways in which food quantity and quality are being increased with R&D follow:

1. Soybeans.—Recently researchers developed new soybean varieties which have increased resistance to a major pest, nematodes. Quantity increased. They also developed three new varieties of soybeans with a higher level of protein. Quality increased.

2. Corn.—Recently, a corn hybrid variety was developed to resist the pest, the corn borer. Approximately 30 million acres in U.S. now grow this variety which has a significantly reduced need for insecticides.

3. Wheat.—Research has reduced "stinking smut" in wheat. This resistant strain also requires less chemicals to control the disease.

4. Insect pests.—Efforts are currently going on to minimize genetic vulnerability of food stocks to diseases and pests. Example, creating wheat variety which is more resistant to the pest, the Hessian Fly. This will reduce the wheat loss.

5. Vegetables.—Vegetable research and projects underway:

a. Develop carrots with 20% more carotene, used for Vitamin A in humans.

b. Develop potatoes with increased protein content.

c. Develop cabbage with two times the Vitamin C that is found currently in cabbage.

6. Kelp Research.—Originally this work was funded by N.S.F., then by ERDA, and soon will also involve the Dept. of Agriculture.

a. Kelp captures and store energy. It is a good model to study and use.

b. It is already an important animal food.

c. Good source of iodine.

d. Marginal human source of food.

e. Model in increasing biomass.

OTHER EXAMPLES: INORGANIC AND ORGANIC MATERIALS [3]

1. Materials R&D for Advanced Communication Systems.—Optical glass fibers—literally "wires made of glass"—are being developed to replace ordinary wire communications cables. Advantages are the use of a cheap and abundant material, sand, instead of copper and other metals; decreased weight, by 85 percent or more in specific applications; and vastly increased signal carrying capacity. Optical fibers can, theoretically, carry millions of voice channels simultaneously, as compared with only a few thousand such channels for a typical wire coaxial cable. Recently a glass fiber about the thickness of a human hair was successfully substituted for a standard ¾ inch coaxial cable for transmission of television pictures. In addition to these advantages, optical fibers do not radiate electromagnetic fields, and crosstalk between elements can be reduced virtually to zero; hence, messages sent by such fibers are immune to espionage.

2. Employment of Solid Waste for Useful Purposes.—Considerable R&D is currently being conducted to develop uses for the approximately 150 million tons of municipal solid waste now being generated by Americans each year. About 7 percent of this discarded waste, especially metals, paper, and glass, is now recovered for reprocessing and reuse. Research has shown that much of the remainder, and in particular the organic fraction, can be converted to protein for food, or to oil, methane gas, or solid fuel for ultimate conversion to energy. Other research is being directed toward making possible the use of specific waste materials, for example, use of ground-up rubber tires in asphalt for building highways. Such R&D has large-scale implications for both the environmental quality and materials conservation elements of national materials policy.

3. Composite Materials.—Much materials R&D is currently directed toward developing a wide range of materials in which glasses, plastics, metals, and various other materials are combined so as to produce materials having properties considerably superior to those of any of their constituents. Glass fibers can be used in cement to form a material so strong that walls of concrete blocks can be formed without mortar, held in place by a ⅛-inch thick coating of the fiber cement sprayed on each side of the wall. Glass-fiber reinforced plastics can be readily fabricated with high strength-to-weight ratios and excellent resistance to corrosion, and can be economically formed into virtually any size and shape. Such metals as steel, aluminum, copper, nickel, nickel silvers, brass, bronze, and many others can be clad selectively to resist corrosion and permit unusually severe forming and stamping operations. Silicon carbide filaments can be combined with a silicon filler to produce a material having the high temperature and corrosion resistance of a ceramic with many properties of a metal. In general, use of composites results in materials of higher strength, lower weight, greater resistance to corrosion, and sometimes lower cost, than does use of the basic materials which the composites replace.

4. Production of Aluminum From Non-Bauxite Sources.—The U.S. Government and U.S. industry have, over the past several years, turned their attention to exploring the technological and commercial feasibility of producing aluminum from the Nation's large domestic supplies of non-bauxite raw materials. Aluminum can be produced from high-alumina clay and ores like anorthosite, alunite, and dawsonite. These latter four major domestic sources of aluminum have a potential of containing approximately 172 billion tons of alumina, compared with the approximately 40 million tons of domestic commercial grade bauxite. If the international supply of bauxite from countries like Jamaica, incentives may be sufficient to develop the U.S. supply of non-bauxite resources in a major way for the long-term future.

5. "Materials Processing in Space."—Experiments performed recently on Project Skylab indicated that the processing of mate-

[1] Business Week, July 5, 1976, p. 39.

[2] Examples furnished by Dr. Jack Bresler, SPRD.

[3] Example furnished by Mr. Harold Bullis, Mr. William Boseman and Mrs. Carol McBee of SPRD.

rials under conditions of weightlessness may produce materials with different characteristics, as needed for specific functions, or with superior performance qualities. The importance of space-processing to the materials scientist is two-fold: the removal of gravity allows the observation of basic material forces at work, and the use of the high vacuum of space allows discovery of exceptional shaping and purification capabilities in materials. Ten new materials experiments were also included aboard the Apollo-Soyuz test project, and NASA plans more activities of this nature for future space shuttle projects. The implications for materials policy center mainly on the opportunity to develop acceptable substitute materials, for those in short supply, or the discovery of new synthetic materials, which could affect the future selection of materials for various uses.

6. "Solar Cell Research."—Materials scientists have been conducting significant R&D on thin film techniques for solar cell concentrators. Recently, the results of scientists at NASA's Jet Propulsion Laboratory were described, in which thin films of galliumarsenide are deposited on the collector surfaces of solar cells. Scientists at Varian Associates also have conducted similar research. The two groups report collection efficiencies of 19 and 21 percent respectively with their slightly different approaches. The implications for materials policy in this era of energy-concern are obvious. Many policy-makers and citizens look to a solar energy future to relieve dependencies on foreign supplies of oil, to produce 'clean' energy, and to restore the environment. Until research helps to develop an acceptable, efficient, and inexpensive solar collector, these goals cannot be realized.

7. "R&D on Ceramic Automobile Engines." — The major automobile manufacturers and ERDA have substantial research programs underway on the development of an acceptable ceramic gas turbine engine. Advantages include the fact that ceramics can withstand higher temperatures than most alloys (except the most exotic, very expensive ones). Ceramics are generally inexpensive in comparison to most alloys used in present automobile engine constructions. The major improvement to be gained by use of ceramic piston heads and cylinder walls, however, will be the ability to operate the turbines at higher temperatures, thus improving gas mileage (to as much as 50 miles per gallon) and reducing pollution. The implications for materials policy include the reduction of dependency on natural resources in short supply, such as oil and certain metals; lower costs and greater economy for the automobiles of the future; and less impact on the environment from an automobile-oriented society.

8. "Human Tissue Characterization."—Human tissues, although not normally included in the class 'materials', has recently been undergoing some research efforts that would place it very much in that category. Medical researchers and clinicians have been seeking diagnostic techniques that present the minimum insult to the patient, while providing maximum useful information. This sort of technique is normally referred to a non-invasive medical diagnosis. Many materials scientists have been involved in joint projects with health researchers to develop an accurate set of acoustical characteristics for normal and pathological tissues. Such characterizations will help establish the use of ultrasound as a major tool for non-invasive diagnosis. The implications for materials policy formulations are that materials policy involves *more* than just the metallic, mineral, timber, and agricultural commodities normally thought of. Materials policy and subsequent R&D can also have a major impact on the health services of the future and can improve the possibilities for detecting pathologic conditions without the necessity of an operative procedure.

9. "Laser Hardening of Iron and Steel."—Lasers are now being explored as a means to heat-treat machined parts made of iron and steel. It is hoped that such processes of heat-treating will produce less distortion in the parts than the more conventional means. The first uses envisioned for such parts will be in the steering mechanisms of automobiles. It is felt that, with the front end of cars becoming heavier due to the addition of air-conditioners, etc., that such hardened parts may prove safer to use in the steering gears. In this case the materials R&D effort may produce a substitute process which could improve the safety and performance of automobiles.

10. "Alloys that Remember Their Past.—Although metals are products of their past thermal and mechanical strain history, metallurgists cannot restore metals to their earlier shape or bring back their original mechanical properties. A new class of alloys, shape memory alloys, is currently being developed which can remember the past. Such alloys are finding industrial applications, and may be specially suited to a number of surgical and dental devices. One of these alloys, under current research, consists of a mixture of nickel and titanium in approximately equal amounts. These alloys can be formed in one shape at one temperature. In actual use, the alloy will take its shape, depending on the ambient temperature. Among the many possible imaginative uses for such alloys, is the current effort to use it at a temperature sensor to prevent derailing of railroad cars. The device can be made to assume a certain shape and 'trip' braking systems or warning devices when journal bearings on freight cars overheat. Normally, such overheating percipitates derailment. In the medical field, the use of shape memory alloys is under research for blood clot filters. A surgeon can easily insert a cooled "wire of this alloy into the venous system of a patient suffering from blood clots in the legs, thighs or pelvis. The cooled filter warms to its mesh configuration temperature once it reaches the vein where it can filter the clots, thus preventing the onset of pulmonary embolism.

11. "Materials for Nuclear Power System."—The high temperature, high stresses, and exposure to damaging radioactivity and cooling liquids in nuclear reactor systems will demand extensive materials R&D efforts. Alloys will be needed to withstand the harsh conditions and provide the maximum safety for these reactors. Extensive work is currently underway to develop new alloys and new methods of welding these materials in order to produce fail-safe reactor vessels. Low chromium and nickel alloys offer the best hopes for withstanding the temperatures of operation, while the need for stress corrosion resistance will also have to be a factor. For the latter quality, the use of small additions of molybdenum is being examined. Until the development of efficient solar energy or other alternate energy sources is established, the R&D on appropriate alloys for nuclear systems will be highly beneficial in terms of the added safety, efficiency and acceptability that can be attained by their use in the generation of nuclear power.

SENATOR McGOVERN WINS PRAISE FOR CONVENTION COMMENTARY

Mr. NELSON. Mr. President, our colleagues, Senators GEORGE MCGOVERN of South Dakota and BARRY GOLDWATER of Arizona—two former Presidential nominees—were engaged by the American Broadcasting Co. as guest commentators for the two national conventions of this summer. Senator GOLDWATER served in this capacity at the Democratic convention in New York, while Senator MCGOVERN was the guest commentator at the Republican convention in Kansas City.

As GEORGE MCGOVERN's longtime seatmate in the Senate, I am proud of his excellent performance as a convention commentator. He has drawn high praise from television executives and news commentators. But beyond this, he won the praise of the Nation's leading television critics. New York Times' TV critic John J. O'Connor observed in the New York Times of August 18 :

> One distinct plus for ABC's abbreviated evening coverage is the presence of Senator George McGovern of South Dakota. The former Democratic Presidential candidate proved remarkably thorough and perceptive Monday evening in analyzing the keynote speech of Senator Howard H. Baker, Jr. of Tennessee.

Former television commentator for NBC and the Public Broadcast System and now TV critics for the Washington Post, Sander Vanocur, concluded in the Washington Post of August 20:

> The best analysis at this convention was done by Sen. George McGovern, sitting in the ABC anchor booth with Harry Reasoner and Howard K. Smith. He talked candidly about how he handled the Eagleton matter and about all the convention talk about Mrs. Howard Baker's drinking problem. Said "I think the fact that Sen. Howard Baker's wife at one time had a drinking problem is totally irrelevant. After all, she is not running for Vice President, or anything else. It occurs to me that here is a woman who is the daughter of a very prominent senator—Everett Dirksen—who was in the public eye for a good many of her early years, and then she marries a senator. I would say that combination is almost enough to drive anybody to drink."

And in a critique of the television coverage of the convention, Time magazine in its August 30 issue singled out GEORGE MCGOVERN's commentary on the Vice Presidency for special praise.

On a related matter, the celebrated TV commentator, Barbara Walters, who has played a major role in NBC's Today Show and who will begin a new service with ABC this fall, has written an interesting piece for the August 20 issue of the Washington Post. Miss Walters became interested in a group of young people between the ages of 7 and 13 who provided a special news service called the Children's Express which was offered at both national conventions. These enterprising youngsters actually came up with interesting news stories that eluded some of the senior press. They interviewed top political leaders at both conventions. Miss Walters reports that at the Republican convention, the Children's Express reporters gave the highest praise to Vice President Nelson Rockefeller. At the Democratic convention, Miss Walters writes:

> They voted Rep. Barbara Jordan and Sen. George McGovern the most respectful of them.

I think it is typical of our colleague, GEORGE MCGOVERN, that he would show respect and consideration for these serious young reporters.

Mr. President, I ask unanimous consent that the full texts of the four articles I have mentioned be printed in the RECORD.

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

TV: LIVELY CONVENTION

(By John J. O'Connor)

In television, timing is very nearly all. CBS News made an error Sunday afternoon with a live "Special Report" covering Ronald Reagan's arrival in Kansas City, Mo. In the New York area, the report pre-empted the final 10 minutes of "Dragon Seed," starring Katharine Hepburn. Just as Walter Huston and Aline MacMahon, playing Chinese peasants in noticeably heavy eye makeup, were preparing to leave for the hills to continue their fight against the Japanese invaders, Walter Cronkite appeared on screen to announce that the Reagan arrival was imminent.

Apart from the fact that the event was minimal in these terms, Mr. Reagan didn't actually get off the plane for another 15 minutes. Movie fans including this one, were legitimately furious.

The White House, however, did not err that day as ABC and CBS began their convention "Previews" at 7 P.M. At that hour, precisely, the plane carrying President Ford was landing at Kansas City and, of course, the arrival was carried live on both networks. A little later, Mr. Ford and family arrived at a hotel rally, just in time to preempt a Reagan rally at another location. Again both networks switched to the Ford event, merely reflecting some of the power inherent in Presidential politics. The Reagan affair was then condensed for subsequent coverage on videotape.

Monday evening, during the first prime-time session of the convention, Mrs. Reagan appeared in the hall to discover an enthusiastic welcoming demonstration. This was quickly followed by the entrance of Mrs. Ford at the other end of the hall and an equally enthusiastic demonstration. NBC's John Chancellor noted this "interesting piece of political timing."

Unlike the Democratic convention last month, the Republican affair has taken on all the appearances of a horse race between the President and the former Governor, and that is exactly the type of story television seems to appreciate best. Early commercials for the coverage were stressing the G.O.P.'s new element of drama.

Of course, this suspense prompts a number of chicken-and-egg questions that avoid easy answers. Would the Reagan challenge be as strong without the massive coverage by reporters? But, then, wouldn't the news organizations be overly partial to Mr. Ford if they did not take the challenge seriously?

The Democratic convention was a dud in the audience ratings, swamped even by one of the duller all-star games on the already dull record for that baseball non-event. Will the Republican horse race get higher ratings this time? Monday night was not encouraging. In New York, both CBS and NBC lost out to a Baltimore vs. Minneapolis baseball game on ABC. When all three networks carried the convention in the later evening, only 30 percent of the sets being used in the metropolitan area were tuned in.

Whatever the rating story, television continues to be powerful and revealing in its purely visceral impact. Simply watching the two conventions discloses intriguing information about the differences between the two parties. The Republicans look older and seem generally more prim or at least self-conscious. They claim far fewer black delegates. The G.O.P presentation of the colors was made to a militaristic march. The Democrats used Aaron Copland's "Fanfare for the Common Man." The G.O.P. featured a very proper Miss U.S.A. The Democrats unleased Representative Bella S. Abzug of Manhattan.

The cameras are constantly supplying commentaries without need of reportorial underlining. Monday evening, as Senator Barry Goldwater of Arizona warned about socialism and extolled the virtures of free enterprise. NBC's cameras offered a college of bald-businessmen types looking content and well-fed. NBC's cameras are fond of collages.

The rest of the coverage is tending toward standard footage. All three networks have provided typical Chamber of Commerce tours of Kansas City. Only CBC's Charles Kuralt insisted on remaining a touch grumpy, complaining about the chore of getting a decent hotel room.

The convention's feature material can be questionable, if not boring, but it is still infinitely preferable to the almost total disinterest of "Good Morning, America" on ABC, which sometimes seems to be on the verge of ignoring the conventions entirely. During one segment of that network's morning testimonial to trivia, Geraldo Rivera and Nancy Dussault could be seen playing tennis with Billie Jean King. "How are you doing?" bubbled Geraldo to Billie Jean. "What are you into?" Tennis shorts, presumably. (One distinct plus for ABC's abbreviated evening coverage is the presence of Senator George McGovern of South Dakota. The former Democratic Presidential candidate proved remarkably thorough and perceptive Monday evening in analyzing the keynote speech of Senator Howard H. Baker Jr. of Tennessee.)

It was left to Betty Furness to provide this week's zinger in television criticism. Cohost with Jim Hartz for the "Today" show, she sat looking rather soggy Monday morning in an unprotected outdoor tent and observed: "Can you believe that we are out on a room this damp day? That's how we plan things on the 'Today' show."

THE K.C. SOUND

(By Sander Vanocur)

KANSAS CITY.—It was a strange sound. It came early on the evening of the balloting for the presidential nomination, when the Reagan delegates began to blow their plastic air horns in search of the Promised Land.

At first it sounded almost Biblical, the sound of a plague of locusts, inviting the visitation of Old Testament judgments on a modern political process. But the sound seemed too high-pitched for locusts. It was more like a swarm of killer bees or of the old Roman horns in Fellini's "Satyricon," a tactic of disruption on the part of the Reagan forces that ended up sounding like a dirge.

We like to think that television emphasizes the visual over the spoken elements of a convention. But the sounds at this convention were at least as important as the pictures.

Peggy Pinder, a blind delegate from Iowa, told NBC's Tom Brokaw, in the most poignant interview of the convention, that she could hear everything that was going on. What she could not see, her friends would describe.

The way people talk to television floor reporters has changed. They no longer use real talk to answer questions. They use television talk. No matter how tough the question, they do not become angry. They merely smile. They also do not answer the question that is being asked. They merely avoid it, and give an answer to a question that has not yet been asked.

That is what has become different at conventions. Television used to use the participants at a convention. Now the participants use television. It is a variation of William Randolph Hearst's message to Frederick Remington in Cuba on the eve of the Spanish-American War. The participants at the convention now seem to be saying to the networks: "You furnish us the pictures. We'll furnish you the words."

Analysis is difficult at a convention, especially when it is a closely contested one. Chancellor and Brinkley handle it better than Sevareid and Moyers. They use it almost as throwaway lines, without disrupting that delicate flow of information between them and their floor reporters, plus action inside the convention hall and outside it.

When Cronkite comes back from the floor and turns the proceedings over to Sevareid and Moyers, who seem suspended in some glass booth somewhere, it is as if subliminal marquee lights are flashing: Analysis: Analysis: Deep Thoughts! Deep Thoughts! It's time to go to the refrigerator for another beer.

The best analysis at this convention was done by Sen. George McGovern, sitting in the ABC anchor booth with Harry Reasoner and Howard K. Smith. He talked candidly about how he handled the Eagleton matter and about all the convention talk about Mrs. Howard Baker's drinking problem. Said McGovern: "I think the fact that Sen. Howard Baker's wife at one time had a drinking problem is totally irrelevant. After all, she is not running for Vice President, or anything else. It occurs to me that here is a woman who is the daughter of a very prominent senator—Everett Dirksen—who was in the public eye for a good many of her early years, and then she marries a senator. I would say that combination is almost enough to drive anybody to drink."

Pictures that needed no words: Nancy Reagan turning her back to the camera to hide her tears as she listened to her husband thanking his workers.

Words that needed no pictures: Sherry Martschink, opposing Rule 16C: "I realize that politics is not a game, but the principles are the same. For example, let's take the simple game of checkers. Probably many of you in this arena have played checkers before. When we play checkers in South Carolina, we know that we can play one of two ways. We can either play that you have to take your jump, or we can play that you don't have to take your jump."

Words and pictures that needed each other: Tom Pettit's continuing series of interviews on NBC from Monday through Wednesday with Gail Healy, an uncommitted Mississippi delegate who finally voted for Reagan. It was the best single continuing portrait of the difficulties and anguish of a delegate trying to make the right decision.

Marathon award for the longest walking, pushing, shoving, perfect marriage of words and pictures: CBS's Dan Rather interviewing Rogers Morton all the way across the convention floor as the Ford campaign manager tried to get to the Mississippi delegation to explain what he had really said to a Birmingham, Ala., newspaper.

When is a picture not worth a thousand words? It is at that moment well past midnight when floor reporters, bruised, battered and weary, must fill time waiting for Mr. Ford to visit Gov. Reagan, and then after their joint news conference are called upon for erudite explanations of what both men said.

Question: What was the most perfect sound at the convention? Answer: That moment when Pat Boone, being interviewed by CBS' Mike Wallace, decided not to put words to music.

It is all over. It was in many ways a sad convention for those who put such fervor and dedication into the Reagan campaign. For them, there are no longer any words. There are only the haunting echoes of the plastic horns that were brought into the hall to celebrate triumph, only to end sounding the forlorn note of defeat.

THE MADE-FOR-TV CONVENTION

Tom Ellis felt doublecrossed. It was nearly 2 a.m., and the chairman of the North Carolina delegation had asked for a roll-call vote on a pro-Reagan foreign policy amendment to the Republican platform, when pro-Ford Convention Chairman John Rhodes ordered a voice vote and gaveled the session to a close. Reagan delegations exploded in anger.

Screamed Ellis: "Railroaded! You have broken the rules!" It was one of the most dramatic moments of last week's Republican National Convention.

Except the nation never saw it. CBS's Lesley Stahl ran up, shouting "Mister, who are you?" and other network reporters witnessed Ellis' rage. But the TV cameras had already homed in on the anchor men for closing comments. Much of the week was like that. In spectacular contrast to last month's Democratic Convention, the early part of the Republican gathering was so laced with suspense, color, passion and occasional humor that the show seen on the tube was far hotter than a made-for-television movie.

Too many of the convention's best moments, however, came while television looked the other way. All three networks missed seeing Vice President Nelson Rockefeller set off a near fistfight when he grabbed a North Carolina delegate's Reagan placard. While New York Senator Jacob Javits delivered the week's lone liberal address, and Reagan delegates broke into noisy disapproval, NBC Anchor Men John Chancellor and David Brinkley contemplated a souvenir towel from the 1968 convention. With few thoughtful exceptions in the anchor booths—ABC's George McGovern on the vice presidency, CBS's brisk Bill Moyers on virtually anything, Walter Cronkite on mercifully little for a change—television proved once again that it explains less effectively than it informs.

Not that the three networks did not try. Altogether they spent some $12 million in Kansas City, and accounted for nearly one-fifth of the 9,500 journalists and support troops. CBS alone assembled a fleet of 400 rental cars for its staff of 650. NBC finished off a half-built Kansas City apartment building for some of its people and imported seven vans full of furniture from Raleigh, N.C. Even ABC, which devoted only 60% as much air time to the convention as its competitors, put up a 300-ft.-long structure (dubbed "the Bridge on the River Kwai") to carry cables into the Kemper Arena.

BRISK ESCORT

The networks trained their combined force of 84 cameras in and around the arena on almost anything that moved, including the delegate, late Tuesday night, who brandished a hand-lettered sign that read: Janet, order me two eggs and coffee. I'll be there in 30 minutes. Then there was Delegate Dene Pace of Corinth, Miss., who told Mike Wallace on CBS that she had waited for "a vision from the Lord" before making up her mind, and that the Lord had just sent word—"Ford."

Television also captured a few incidents that might not have taken place had it not been for its power. When Ford Campaign Chairman Rogers Morton said he was unable to reach the troubled Mississippi delegation by telephone, CBS' Dan Rather briskly escorted him across the floor. Morton was halfway there before he thought better of it and escaped. While the Mississippi delegation caucused in a CBS trailer, Mike Wallace was locked outside, but three young CBS pages inside—sons of Commentator Moyers, Correspondent Roger Mudd and Producer Perry Wolff—took in every word. They were deprived of a major scoop only because the delegation failed to reach an agreement.

The electronic push into the business of the convention did not go unnoticed—or unpunished. Just before the balloting on rule 16c, Temporary Convention Chairman Robert Dole ordered reporters off the floor, while the delegates cheered. CBS Floor Producer Don Hewitt immediately phoned Dole to protest, but television reporters and their bulky equipment were not back clogging the aisles at full strength for nearly an hour. When NBC Reporter Tom Pettit's earphone antenna was banged and bent by an unidentified flying object during a Wednesday-night Ford demonstration, David Brinkley remarked: "You get ten points for hitting a reporter. There have been conventions in the past where you got 20 points."

OLD DISTRUST

Despite a few antipress outbursts, the Sunbelt Republicans, who provided most of the convention action, appeared to have outgrown their old distrust of the Eastern-based networks. "They have discovered what protesting students and blacks discovered a decade ago," concluded Columnist Joseph Kraft. "They have come to know how to play media games." Indeed, in many ways the convention was a manipulated-for-TV event. President Ford and Ronald Reagan scheduled their arrivals in Kansas City to ensure live coverage on the ABC and CBS pre-convention specials. The Ford forces posted two men in trailers just outside the arena to furnish pro-Ford luminaries for interviews with network floor reporters.

The reporters, pressing for news breaks, were themselves pressed. "I can't move. I can't breathe, I can't see, I can't talk. This is awful," muttered ABC's Ann Compton as she tried to swim upstream through a crowded aisle. Compton rose to the occasion, beating her colleagues to several good interviews, including one with Rockefeller just after the Vice President's scuffle. Trouble was, her producers chose not to use it, a common frustration for floor reporters. ABC's Sam Donaldson, unable to sell his control room an interview with one politician, quickly called in another possibility: "Hello! Hello! Here comes Senator Baker! Wanna do something with Howard Baker?"

NBC's Douglas Kiker fought his way to Betty Ford in a dead heat with CBS's Sylvia Chase, but gracefully let her go first. Even NBC's Pettit, a raging bull at Madison Square Garden last month, was a model of courtliness, standing by patiently while Mudd of CBS beat him to an interview with former Missouri Representative Thomas Curtis. "The kind of abrasiveness that was customary and sometimes necessary in 1968 is out of place now," explained Dan Rather. "We're a little cooler headed."

Whether this new politesse will survive until 1980, and whether convention coverage has by now frozen into a mold, are open questions. "We have reached such a point of sophistication that the changes become less major every four years," says CBS Executive Producer Ross Bensley. "We won't change, but the parties might," predicts NBC Executive Producer Gordon Manning. "Do they really need four days?"

PECULIAR WAY

No matter how many days they will need in 1980, some viewers will probably find the national political conventions to be little more enlightening than other made-for-television productions. "It's a noisy, big show and a very peculiar way to choose your leader," sniffed one biased observer in Kansas City last week, Novosti Press Agency Correspondent Gene Gerasinov. "In my country, we have our conventions in the daytime."

OUT OF THE MOUTHS OF BABES

(By Barbara Walters)

KANSAS CITY.—It's the rare politician who doesn't know which camera has the red light on, or who isn't able to single out the senior Washington correspondent in a sea of faces. It's his business to charm, debate and wrangle with the press, and the smart ones are extremely careful about how they go about it. So a better test of character may be how a politican behaves to animals, for example, or children, when nobody that matters is supposed to be looking.

That's why it's worth examining the candid opinions of those members of the Republican convention press known as the Children's Express. The Children's Express is new to the ranks of the press corps. Supported by a grant from Sears Roebuck and Company, the organization is made up of boys and girls between the ages of 7 and 13. Eighteen of them from New York, California and Kansas City are covering the Republican convention and a similar group reported on the Democratic convention last month. Their interviews and comments are published in the Children's Express national monthly magazine and also distributed on the spot to convention delegates. In New York the Children's Express scooped the older and reputably wiser reporters by being the first to announce that Senator Mondale was the vice presidential nominee; they elicited from Chicago's Mayor Daley the opinion that "1968 never really happened." But here in Kansas City their collective hunches were only half right; they predicted the ticket would be President Ford and Senator Baker.

The kids are not hard to spot. They wear matching yellow tee-shirts with "Children's Express" printed in bold black letters, and they are seemingly ubiquitious, popping up in elevators, in hotel lobbies and press conferences, always with tape recorders and microphones in hand. Their hidden weapon, they admit, is their youth. They can ask the most personal questions and get away with it.

Some examples, from an interview with Mrs. Richard Schweiker: "Are you going to beat up on Betty (Ford)?" "Did you agree with (Mrs. Ford) when she said 'I would not be worried if Susan told me that she was having an affair'?" "Do you think it was on purpose that Mrs. (Rose Mary) Woods goofed up on the tapes?"

The reporters for Children's Express try for anyone important. Some talk with them. Others won't. I did. My deal with them was that they could interview me for a half hour and I could interview them for a half hour.

Among the others at the Republican convention who talked with them were Vice President Nelson Rockefeller, Sens. Baker, William Brock, Edward Brooke, Jesse Helms, Jacob Javits, Strom Thurmond, former Secretary of the Treasury John Connally, and assorted television newscasters.

Of this group, the kids were most impressed with Nelson Rockefeller. They had expected him, they said, to be a big snob, but he sat with them for almost an hour and answered every question, though his staff members repeatedly tried to pull him away. He almost lost them at the start with the same obsequiousness that turns off many of the kids' older comrades. "Oh, my," he gushed when he first saw them, "look at all those bright faces." But maybe it's because Rockefeller himself has two young sons or maybe he was just taken by their questions. In any event, he gave them his all. When they asked about the Panama Canal, he not only gave them his personal view but a history lesson. And when an 11-year-old piped up and asked, "Why did you stick with President Ford when he dumped you?" the Vice President thought for a long moment and answered: "No he didn't dump me. You're very thoughtful to put it that way. I withdrew. Bo Calloway said he thought I would be a detriment to Mr. Ford in getting the nomination . . . Now perhaps I should have said to Mr. Calloway, 'when you deliver the Southern delegates then I'll get off the ticket.' I wasn't smart enough to think of that."

Some other Rockefellerisms:

Q: "Would you accept an offer to be Vice President again?"

Rockefeller: "Well you're just a dear and I appreciate that thought . . . but now I am glad to get back to my family."

Q: "Are you for or against gun control?"

Rockefeller: "Well, I'll tell you, this is a very delicate question and I think that handguns and particular those, what is it, Sunday Night? Oh, Saturday Night Specials—they're a menace . . . but if you're in a peace-loving part of the country, then that's a

different question . . . we ought to deal with it by various areas."

The Children's Express also gave high marks to Tennessee Senator Baker and Massachusetts Senator Brooke. Both men scheduled appointments with them, showed up on time and answered all of their questions. "Although," the kids complained, "a real pushy lady from UPI kept butting in on our interview with Senator Brooke."

The youngsters gave low marks to Ronald Reagan's campaign manager, John Sears. "When we went to a press conference, he dodged and evaded all of our questions," they said.

The lowest score went to North Carolina's Sen. Jesse Helms. Helms growled at them and refused to answer at all. Of course, the kids admit, they did corner him in an elevator that was barred to the regular press. John Connally, they felt, was kind of snotty and not too nice to the grown-up reporters, much less the kids. But at least, they point out, he did talk to them.

At the Democratic convention, the Children's Express got to every member of the Carter family except the candidate himself and the one they liked most was Carter's mother, Miss Lillian.

At that convention, they voted Rep. Barbara Jordan and Sen. George McGovern the most respectful of them. Former Senator—and current independent candidate for President—Eugene McCarthy wouldn't give them the time of day.

But the worst offender they agreed wasn't a politician at all but a fellow member of the press, a highly respected senior correspondent. Eric Severeid, they said, totally ignored them. "Go away," he snapped, when they wanted to ask a question. "I am too busy for you."

In interviews with various other television newsmen, the Children's Express asked repeatedly if any of them had ever done anything "outrageous," such as telling a lie, in order to get a story. There were some interesting confessions. Dan Rather acknowledged he had dressed up as a waiter in order to get into a closed meeting in a Chicago hotel room during the 1960 Republican convention, but "I didn't tell anybody a white lie or even a grey lie except by dress."

Edwin Newman of NBC confessed to having conducted interviews "when there was no film in the camera and we didn't want to have any film in the camera but somebody involved in the story we were dealing with insisted on being interviewed." Newman revealed that "one of them was the United States ambassador," to which the CE reporter responded, according to the transcript of the interview with Newman: "Oh, my gosh!"

Perhaps that's why only one of the 16 members of the Children's Express I talked with wanted to be a reporter. But then, as I said earlier, maybe they know something we don't know.

REPORT ON CYPRUS BY THE HELLENIC CHRONICLE

Mr. KENNEDY. Mr. President, last month the editor of the Hellenic Chronicle—the largest newspaper published for Greek-Americans, which is headquartered in my home State—made a field trip to Cyprus to report on the continuing crisis which divides that beleaguered country.

In a series for four excellent reports, Mr. James Anagnostos reviews the most recent developments in the Cyprus problem. At a time when the Cyprus tragedy has been pushed from the pages of our daily newspapers by other crises in other parts of the globe, these reports in the Hellenic Chronicle serve as a reminder that the plight of the Cypriot people continues and that the challenges before us remain unchanged.

Mr. President I commend to the attention of all Senators the reports on Cyprus published in the Hellenic Chronicle and I ask unanimous consent that they be printed in the RECORD.

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

[From the Hellenic Chronicle, June 17, 1976]

CHRONICLE EDITOR INTERVIEWS PRESIDENT: MARAKRIOS SAYS ONLY UNITED STATES CAN SOLVE CYPRUS CRISIS

(By James Anagnostos)

NOTE.—(Hellenic Chronicle Editor James Anagnostos is in Nicosia, Cyprus and will be arriving in Athens soon. He will be reporting on talks with officials of both countries. Following is a personal interview with Archbishop Makarios in the president's Nicosia office.)

NICOSIA.—Though he could "not say there are any good prospects for a settlement of the Cyprus problem in the near future" Archbishop Makarios nevertheless sounded optomistic this week that the Greek Cypriot cause will prevail in the long run.

The Cyprus president, in an interview today announced that Kurt Waldheim, U.N. secretary general would soon determine a date for resumption of talks, probably by the end of this month or in July. The Archbishop said the European economic community and state secretary Henry Kissinger had asked Waldheim to make arrangements.

Archbishop Makarios also announced that a visit to the U.S. in August and possibly another in September were being planned for him but that nothing has yet been determined. He said he enjoys his visits to America as he is always well received. "Greeks in America are great," he said. "They may have differences but on the theme of Cyprus they have been united. They are all willing to help, first, second or third generations. I wish them great success in their politics and other enterprises. When I have gone to the U.S. I have been well received. In Chicago, it was the most enthusiastic ever, in fact."

He assured us that the Greek Cypriot response to intercommunal talks will be positive. "I have doubts that the talks will make any progress," he added. "My feeling is that the Turkish Cypriots are not prepared to return any territory or to make any concessions to provide for a basis for settlement unless there is some pressure on Turkey. The only country which can exert such pressure is the U.S.

"The U.S. however, I mean the administration, is of the view that no pressure on Turkey will make Turkey reorientate her foreign policy. I don't think Turkey will leave NATO. Her best interests are certainly served as long as she remains in the western world."

The Archbishop conceded that the American bases in Turkey are a factor for consideration but he added that he was "afraid Turkey is blackmailing the U.S. rather successfully."

President Makarios, who now occupies offices in the Ministry of Information, referred to the recent American pact with Turkey and Greece and said he hoped Congress would not ratify them. "I will be happy if both are rejected by the American congress." he emphasized. He said hopefully Turkey would see no reason and show some moderation.

"In any case" he added, "we the Greek Cypriots are not prepared to recognize the de facto situation created by use of military force. We may suffer for many years but we are not prepared to give in to brutal force."

"It is my view the American administration was unable to conceive the problem in its real dimensions." He said he didn't want to interfere in the internal affairs of the U.S. but hoped things would be better after the elections. He said that Kissinger had made certain statements which would be considered constructive but there was no action. He said that the two sides must try to compromise and then added that the Turkish Cypriots are not prepared to give any real territory.

The president, responding to a question, said he feels the Turks stopped in their invasion because they had followed a previously conceived plan. The biggest problem he said was the missing Greek Cypriots. "We are trying to find some way to get some group to investigate to see the graves. We believe all are not alive but we must have assurances that these people are dead".

He noted that despite the destruction of property there has been much progress in re-establishing the Cypriot economy. "I am sure we will succeed. We lost industries but I think in the reasonably near future we will be able to reach the standards of the days before the invasion."

He said another area being improved is tourism. "Cyprus is an ideal island with sun and many beaches." He concluded with an invitation for Americans to come to Cyprus.

[From the Hellenic Chronicle, June 24, 1976]

FORCED EXODUS OF GREEKS CONTINUES IN CYPRUS

(By James Anagnostos)

(NOTE.—Hellenic Chronicle Editor James Anagnostos is in Nicosia, Cyprus and will be arriving in Athens soon. He will be reporting on talks with officials of both countries.)

NICOSIA.—There is peace along the green line—the line which separates Greek and Turkish Cypriot forces with U.N. peace corpsmen between them—but the forced exodus of Greeks from the north continues.

Crossing the green line last week was easy. All that was required was checking of passports by Greek and U.N. authorities, and entry into the Turkish occupied zone would have been just as easy if one desired to have his passport stamped by the Turks.

The Turks were pleasant but businesslike, and when we told them we were not interested in going beyond the check point, they returned our passports. Had they stamped them we learned later, we would not have been permitted to return to Nicosia but would have had to apply for permission from Turkish authorities.

Discretion was the better part of valor. We turned around and with Turkish soldiers keeping us in their sights returned first to the U.N. command outside the Ledra Palace and then to the Greek Cypriot check point, which ironically is opposite the Greek Embassy.

We were in Cyprus to study tourism potential. We found the potential excellent, but we also found the saga of the Greek-Cypriot refugee continuing.

The visit to the Green line elicited from those on both sides that everything was peaceful, but some refugees we met by chance at Charlie's Bar—a rather unpretentious yet well-patronized restaurant completely lacking in frills—gave us a different picture.

The group included George Pantelides, 27, an assistant manager of the Dome Hotel, Kyrenia; Kostokis Zambaloukos, 27, one of the managers and member of one of the families which co-owned the hotel, and Dina Epiphany, 20, school teacher. They were sitting with a British couple, which still resides in the Turkish zone.

The British man, a retired businessman, preferred to remain anonymous.

"Do you want me to get shot," he said. "Conditions are terrible. What has happened to a lot of nice innocent people is sad." He

noted that after being held for nearly two years, they have now lost their homes which they had stayed to protect.

The refugees told of having received a limited amount of food from the Red Cross and the U.N. and of having used savings to supplement the rations.

The refugees noted that the Turks did not resort to physical violence but used psychological violence to get them to leave. The Turkish modus operandi, they said, was to call eight Greek men to the police station, to concoct some story and then present them with an application to sign. They were told if they signed voluntarily they could take their furniture, if not, they would be expelled with just the clothing on their backs or, the other alternative, they would be sent to jail. Seventy-five per cent signed, it was noted.

The furniture permitted to the refugees was only that which remained after the Turks took what they wanted under one restriction or another.

The refugees told one story after another of Turkish psychological terror, and the Briton wrapped it up by saying, "there is visciousness in everything they (the Turks) do."

Dome Hotel had been home for 700 refugees after the invasion. It is now operated by Turks for Turkish tourists from Turkey. It escaped devastation in the invasion. The Turks had plans for it, it seems.

The green line is quiet, yes, but on both sides there is much travail because of it.

[From the Hellenic Chronicle, July 1, 1976]

FOUR CYPRUS OFFICIALS SHARE VIEWS WITH U.S. NEWSMEN

(By James Anagnostos)

NICOSIA.—There is no hesitancy on the part of Cyprus officials to discuss the island's problems nor their ideas of the best way to solve them.

We recently met with four top Cyprus officials including the Greek representative to the intercommunal talks, and all four were agreed on one thing, that a solution will be slow and that patience is the best course.

We met Tassos Papadopoulos, 40, following our deplaning at Larvaca Airport. He was enroute to Paris and agreed to an informal conference within the limited facilities of the airport being reconstructed hastily to service free Cyprus now that Nicosia airport is closed due to Turkish action.

We met Andreas C. Sophocleous, public information officer, and Miltiades Christodoulou, press officer for President Makarios, prior to their conference with the latter in Nicosia.

Finally, we met Antonios Andronikou, director general of the Cyprus Tourism Organization, at a luncheon he hosted for the newsmen at Charlie's Bar-Restaurant. He was accompanied by the top three members of his office.

Pappadopulous, deputy speaker of the house of representatives, was one of two Cypriot leaders at the Vienna and New York intercommunal talks, the other being Glafcos Clerides, his predecessor as spokesman.

He spoke freely of the departure of Clerides, who had been Greek spokesman in talks with Turks for at least eight years, noting that his exit was due to secret agreements concluded with his Turkish counterpart, Rauf Denktash. His denial of such agreements after they had been exposed by a foreign news source caused his departure.

Pappadopoulos said the relationship between Clerides and Denktash—they have been friends since school days—at no time affected the talks. Pappadopoulos was insistent on this.

Pappadopoulos painted a rather grim picture of chances for any quick solution. "I am a realist," he said, "and pessimistic, especially when they insist on 40% of Cyprus land."

He said the "Turkish pronouncements do not leave any openings for hope." He also did not see any hope that the UN would do much good. He noted that Turkey even voted for one of the UN resolutions but has continued to ignore them.

A lawyer, who took his degree in London in 1955, Pappadopoulos is married and the father of four children.

Even though "I know we are morally and legally right," he said, the only language Turkey seems to understand is force. He said that U.S. Secy Henry Kissinger's move on air was "a vote of confidence for the Turks."

Pappadopoulos noted that the Turks are still forcing Greeks out of the north and that all Turks have now left from the south.

"Why shouldn't they go?" he asked. "If they offered me a free home and land I would do the same."

He said the "one ace Cyprus has up her sleeve is the unity of her people. No one will accept what Turkey offers because it amounts to absolute surrender."

Sophocleos and Christodoulou spoke similarly, but both indicated that from a positive point of view Cyprus is making a remarkable recovery and in another year will have achieved an economic position similar to the one at the point of invasion in July, 1974.

Sophocleos said a strong infrastructure is needed and economic stability. He said Cyprus is not preparing for offense.

"We do not want war. War does more harm than the problems it solves," he said. "The solution must come through building our economy.

Sophocleos was against any accord now.

"If we sign now," he said, "we will legalize the conditions. We will have given up everything and gained nothing. By delaying a while, we could gain more."

He, as well as others met in Cyprus, indicated that chances of a split in northern Cyprus among the transplanted Turkish Cypriots and the mainland immigrants is a real possibility. They see this as working in their favor.

And all Cypriots feel that a unitary state is a prerequisite for such a small island, a state which will be independent and which will offer rights for all of its citizens. They recited statistics to show that when the two ethnic groups lived together there was no trouble.

Christodoulou spoke at length in Greek, noting that rebuilding of the economy had to be the first priority. He noted that tourism can play a great role, and said there was nothing to fear in visiting Cyprus. His remarks were borne out generally as we found complete serenity even with the green line splitting the island capital. Peace prevails on both sides, but the peace in the south was most evident and quite contagious. Except at the green line, there were no uniforms to be seen on the streets and everyone seemed relaxed. The consensus seems to be that the Turks took all they wanted, following the preconceived plan now called Attila, and that nothing further will happen.

The refugees—some 200,000—are being quickly incorporated into the mainstream of life, though one still sees tent cities. The Greek Cypriots, our hosts noted, do not agree with the Palestinians on the matter of refugees. They do not want to keep them in a prolonged condition of hopelessness.

"We feel we should help the refugee to improve his condition and make him a viable part of the community," Christodoulou said. "This will make him a lot more cooperative in the general Cyprus effort."

Andronikou spoke mostly in the area of tourism, noting that though the best tourist areas had been in the north, the south, particularly in Limassol and Paphos, had much to offer and that more accommodations were being built.

We must concur as some of the sites we visited could rival some of the better resort areas in America, and Cypriot hospitality and service is second to none.

[From the Hellenic Chronicle, July 8, 1976]

YOUNG ABBOT URGES GREEK CYPRIOTS TO PERSEVERE

(By James Anagnostos)

(EDITOR'S NOTE.—Following is report on recent visit with the leader of one of Cyprus' monasteries.)

PAPHOS.—One of Cyprus' oldest monasteries has one of the island's youngest abbots, but his message to his fellow Cypriots in their hour of travail over loss of two-fifths of their homeland is one of maturity.

Abbot Chrysostomos, 36, told a group of Greek-American journalists visiting Ayios Neofitos monastery here that the Turks waited 11 years and that the Greeks can wait as long.

"We are to blame for the loss of part of Cyprus," the Abbot said. "We practiced ridiculous things."

The Abbot wso first came to the monastery from his native Tala, a nearby village, at 8, has been at the monastery since, except when he was a student at the University of Athens.

Speaking with an apparent great knowledge of the political situation of not only Cyprus but also of the United States and Turkey, Abbot Chrysostomos said that it was realistic to give up 22 to 25½ of the occupied territory but not 40½ as sought by the Turks.

In a few years, he said, Cyprus will be back in the economic position she was prior to the invasion and this despite the occupiers.

He said he doesn't feel the Turks will leave on their own. The only thing they recognize, he said, is force.

"The Turks must see force in order to leave. I believe if the 'big powers' force the troops to leave, the Turkish Cypriots will return to their homes and the Turkish immigrants will go home, because they have nothing here."

The Abbot said that he doesn't feel that Turkey will be the pet child of the U.S. He said that when Greece becomes economically independent she will be able to handle Turkey.

"If any war comes, it will come within two years; if not, it will never come as Turkey will be less able to confront Greece", the abbot said.

As for differences between the Cypriot communities, he said the principal one today is force, the force of troops.

As for tourism, which Cyprus is seeking to encourage, the abbot said, "so many will come as we are able to accommodate." He feels in two years there will be a vast improvement in accommodations. He spoke of the great loss of tourist facilities in the occupation of Famagusta by the Turks.

Responding to reports that Turks were prepared to withdraw from Famagusta and Morphou, the abbot said that Glafcos Clerides, negotiator for the Greeks, had never had any such assurances from the Turks when he made the statement. He said it was his opinion that Clerides erred.

"Clerides may have believed it, but the Turks never said it," abbot stated.

As for the controversy over the exchange of proposals for settling the dispute, the abbot said that Rauf Denktash knew the Greek proposals even if they were not written because he knew them from Clerides.

"The talks are going nowhere," he said. "They will go nowhere. We don't need them. For talks to have any reason for success, the troops must leave."

The abbot, who is independent ecclesiastically of Archbishop Makarios, said that no one can blame Makarios for Cyprus' plight.

The monastery which he heads lies alongside a mountain. It is home for 14 monks.

During the past two years it has been a haven for many refugee families from the north. Only two remained, the day we visited.

Besides the newer facilities, the community also has the original chapel and habitat of the saint after whom it was named.

The saint's chapel and quarters were hacked out of the mountains and iconography by himself covered walls and ceilings. These paintings date to the 12th century.

The community's larger chapel is similarly blessed with 12th century icons, some in poor condition owing to the ravages of time and the visits of unappreciative invaders.

The visit on the abbey lasted more than an hour, the meeting with the gerontos, the aged one, the abbot being called that as a term of honor, despite his youth, took twenty minutes.

The strapping young six-footer led us to our car and bade us a good journey. We could do nothing for him he said, but for his community he would accept help in establishing a much needed library.

JOBS: WE MUST DO BETTER

Mr. HUMPHREY. Mr. President, I cannot convey how frustrating it is that in this political year "full employment" has become a codeword. It is something liberals "must" be for and conservatives "must" be against—at least you would believe that from scanning the newspapers.

Well, that does not make any sense. If any issue should cross party and ideological lines, this should be it. The conservative who wants crime control and fiscal responsibility, the liberal concerned with just treatment of the Nation's poorest citizens, we are all in the same boat.

Therefore, I was especially pleased to see that the Philadelphia Daily News fullheartedly supports the Humphrey/Hawkins Full Employment and Balanced Growth Act of 1976 (S. and H.R. 50), and their reasons for endorsing it. Philadelphia is a working city, and her people are hardly the chique radiclibs of the eastern establishment so fondly manhandled by the administration in years gone by.

But, their city does have 128,000 fewer jobs than 7 years ago. And they are concerned about self-worth and the work ethic. They do know there is too much violent crime, and it is related to the job contraction during the Nixon-Ford administrations. And finally, they know a bargain when they see one, and the Humphrey/Hawkins bill has to be the buy of the century.

I ask unanimous consent that the feelings of the people of Philadelphia, as expressed in the July 20, 1976, Daily News editorial, be printed in the RECORD.

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

JOBS: WE MUST DO BETTER

Philadelphia has lost 128,000 jobs since 1969, the year Richard Nixon became President. Last year, 28,000 went, the biggest decrease since the U.S. Labor Department began keeping local records 23 years ago.

More than 8 million Americans want to work and can't. Another 3½ million have part-time jobs and want full-time. This must be a key issue in the upcoming election. Either the federal government lets economic recovery "take its normal course," or it actively fights unemployment. Economist Louis H. Bean says the "normal course" will leave an unemployment rate of 6.5 percent in 1977 (it's 7.5 percent today).

Foes of government intervention say it costs money and causes inflation. The former is true; the latter is denied by many experts.

The Humphrey-Hawkins bill, which aims at "full employment" (no more than 3 percent unemployed) within four years, has a $20–$25 billion price tag. But reductions in unemployment compensation and other jobless benefits would reduce that to $12 billion. That's 2 percent of our gross national product. Compare it to today's Viking I landing on Mars, a $1-billion project.

But let economists and statisticians debate unemployment in those terms. The public must consider it on the human level. Being jobless costs more than a diminished savings account, lost home, delayed college education, reduced standard of living.

Tell a person society has no need of him and you have wounded his self-image. Tell him there is no use for his talents and you have crippled his self-image. People break; families crumble.

Among the most recent local individuals to warrant the newspaper headline "Crazed Gunman" were George Geschwendt, Leon Harasimowicz and Richard Kochensky. All were unemployed. Perhaps they were "crazed" before they were jobless. But we will never know whether the stability that comes with regular employment would have made them rational. How much of our crime is linked to joblessness?

To deny people the opportunity of work, the pride of earning their own way, is unconscionable. This country must do better.

TAX REFORM—SECOND BEST SOLUTIONS

Mr. KENNEDY, Mr. President, in the next day or so, the conferees will meet to begin the arduous task of resolving the hundreds of differences between the tax bills passed by the Senate and the House of Representatives. Even if the Senate had passed the best of tax reform bills, reaching agreement on the two bills would not be quick or easy. The difficulties are multiplied many fold by the fact that the Senate has sent to the conference the worst of tax reform bills, a bill that requires major surgery if the tax reform patient is to survive.

In the weeks that have passed since the Senate approved H.R. 10612, I have given considerable thought to the most responsible course of action to be taken by those in Congress who have worked diligently—if to a disappointing degree unsuccessfully—to produce a tax bill that would improve both the fairness and efficiency of our tax system.

Some have urged that Congress would be better advised—and the cause of tax reform better served—if we simply extended the current tax cuts through 1977 and let the balance of this bill die. Those who adopt this view believe that the Senate bill is beyond repair in the conference with the House; they hope that with the election of a new administration, committed to real tax reform, we can begin again next year and do a much better job—in the meantime, the tax laws would be better left in their present condition, rather than in the worse condition that the Senate bill would leave them.

This is a tempting position to take. Certainly, I look forward to working with the Carter administration in the coming years as we try to transform the Nation's tax laws from their present status as a "disgrace to the human race" into the "essence of common sense"—a source of confidence and pride in our ability to achieve a fair tax system for all citizens. It is clear that Jimmy Carter's backing of substantial tax reform will be of material assistance to those of us in Congress who have had to work uphill for tax reform against 8 years of indifference or outright hostility by the present and previous administration. A rejuvenated Treasury Department backed vigorously by a new administration, will mean the difference between success and defeat in achieving meaningful tax reform.

Although these arguments for delay are appealing, it is not yet clear that the time has come to abandon ship on tax reform this year. It will be time enough to make that critical decision when the results of the conference committee deliberations are known. If they are as disappointing as the Senate bill, or only marginally better, it will be necessary for Congress simply to extend the current tax reductions and defer tax reform for another year and another administration. If this proves to be the case, I will not hesitate to urge such an action.

Certainly, such an outcome would be no loss to the cause of tax reform. Many of the most undesirable provisions and special interest giveaways in the Senate bill were enacted in a "fin de siecle" atmosphere on the Senate floor, reflecting the view in some quarters that this might be the last bill for many years with the opportunity for such giveaways—the last tax gravy train to leave the Senate station before a more reform-minded administration takes over.

But I do not think we need to take such a pessimistic view at this time, before the conference begins. I believe Congress still has time to legislate responsible tax reform measures this year. There are features in the two tax reform bills—the House and Senate versions the conferees will consider—that represent solid steps toward a fairer tax system.

It is also true that many provisions—a majority in the Senate version—would constitute regressive steps and would convert the present "disgrace" into a scandal for the future. But it is open to the conferees to drop most of these antireform measures from the final bill and present Congress and the American people with a modest but responsible piece of tax reform legislation—a bill that will be both an improvement over our present tax laws and a downpayment on our pledge of more comprehensive tax reform next year.

To help achieve that goal, I am presenting here some suggestions for actions that should be taken by the conferees in reconciling the two bills before them. If these or similar recommendations are followed by the conference committee, the resulting legislation can and should be supported by all in Congress who have worked for tax reform.

Obviously, these recommendations do not add up to an ideal tax reform bill. Many of the reforms that I and others

have been working for during recent months cannot be achieved by the conferees. Nonetheless the recommendations represent a major improvement over present law. If they are adopted by the conference committee, we will have a better tax system than we now have. The solutions available to Congress in this legislation thus are "second best," but they are better than none at all.

AN OVERALL PERSPECTIVE

Before turning to a detailed analysis of actions that should be taken with respect to particular provisions, it may be helpful to give an overall perspective on the situation that confronts the Senate-House conferees, with special emphasis on the budget aspects of the bill.

As the Finance Committee and then the full Senate considered the bill, Congress had determined in its first concurrent budget resolution that certain tax and spending policies should be followed to achieve a balanced and sustained national economic growth in fiscal year 1977. Insofar as the tax bill was concerned, these policies called for two broad actions:

An extension of tax reductions for individuals and businesses totaling $17.3 billion.

Tax reforms that reduced tax expenditures by a net amount of $2 billion.

The Finance Committee failed on both aspects of this budget test, reporting a bill that met neither objective. It provided only $15.4 billion in tax reductions and less than $1 billion in tax reforms Even the $1 billion proved to be illusory, disappearing within a year under an avalanche of new tax loopholes approved by the committee. In essence, the committee chose to finance the new loopholes by raising taxes on the average citizen.

In the debate on the Senate floor, the Senate did vote to bring the bill into conformity with the first aspect of the congressional budget resolution, by continuing the full tax cuts for individuals for 1977. Thus, the bill before the conference committee in this respect needs no improvement—the task of the conferees is to hold the line on the Senate bill, resisting the pressures likely to reappear, to revert to the Finance Committee's device of raising taxes on average taxpayers as a way of paying for new tax loopholes in other parts of the bill.

The Finance Committee and the Senate left the second policy objective under the budget resolution—tax reform by reducing tax expenditures by $2 billion—in shambles. The net result of the Senate floor actions put the bill $300 million in the hole—as finally passed, the bill will actually increase tax expenditures by some $300 million in 1977, a swing of $2.3 billion below the budget resolution. By fiscal 1981, the Senate version will produce a net revenue loss of $2.8 billion. In a real sense, future Federal budgets are being mortgaged now to new tax loopholes.

The latter point is especially important. Even if the Senate bill were brought into line with the 1977 budget target, it would be a pyrrhic victory if the price is acceptance of large revenue losses from new tax loopholes in future years. Thus, the minimum goal in the conference should be to meet the budget target for 1977 and to maintain the target at least at that level for future years.

Fortunately, the conference committee has more than just the Senate bill to work with. The House version, even though it was passed before the first concurrent resolution was adopted, would bring in some $1.7 billion in new revenues from tax reform in 1977, and $2.5 billion by 1981.

By adopting the best of the House and Senate versions, it is possible for the conference committee to substantially surpass the $2 billion tax reform target that Congress has set for itself in 1977, and to increase this target significantly for future years. All the conferees need is the will.

As an example, the following table indicates how, with the Senate bill as a starting point, the conferees could realistically produce a bill that actually raises $2.7 billion in tax reforms in 1977 and $3.7 billion in 1981:

MAJOR REVENUE EFFECTS OF POSSIBLE COMPROMISE SENATE-HOUSE TAX REFORM BILL

[In millions of dollars]

	Fiscal year—	
	1977	1981
Senate bill as passed	−300	−2,800
Add:		
1. House LAL	+450	+400
2. House interest limit	+250	+250
3. Compromise minimum tax (50 percent deduction for taxes paid)	+500	+650
4. House sick pay	+300	+300
5. House DISC date	+300	--------
6. House capital gain	+150	+400
7. House gambling	+100	--------
Subtract:		
1. ESOP	+400	+900
2. Insulation	+250	--------
3. Estate tax	--------	+2,000
4. Tuition credit	--------	+1,100
5. Miscellaneous	+300	+500
Conference bill	+2,700	+3,700

But the task will not be easy. The Senate bill not only emasculated a basically sound House tax reform bill—it actually succeeded in adding innumerable provisions that make present law even more unfair than it already is.

This point is made clear by a chart I have prepared, which indicates whether an item in the Senate bill is better than present law, or worse than present law, or makes it neither better or worse. A provision is rated "better" if it improves the equity or efficiency of the tax system by eliminating, cutting back, or making more rational an existing special exemption, deduction, credit, preferential rate or deferral of tax. It is rated "worse" if it adds or expands a special tax preference. A "neutral" rating indicates either that nothing is done in the bill or that a provision represents a change that does not appreciably affect present law.

The chart shows in broad outline the large task facing the House-Senate conferees if they are to report a bill meeting both the requirements of the budget resolution and the expectations of the American people on tax reform.

As the chart demonstrates, only about one-third of the provisions in the Senate bill can be said to constitute an improvement over present law. In addition, the degree of improvement represented by each provision varies. In some instances the improvement is relatively slight—such as the DISC changes; in others, it is more substantial—such as the minimum tax.

On the other hand, fully half of the Senate provisions actually make present law worse. Again, the degree of harm varies from item to item, ranging from the merely annoying—such as the tax credit for windmills—to the genuinely outrageous—such as the ESOP and estate tax exemption provisions. Clearly, the present tax laws would be much better off without the Senate bill.

I have also prepared a summary and analysis of the House and Senate provisions, which is offered in the hope that it will assist the conferees as they begin their work. I am hopeful that these recommendations for conference action will assist the Senate and the American public by providing a tax reform standard against which the results of the conference committee's efforts can be measured.

While those of us who seek tax equity and efficiency can no longer expect a far-reaching bill from this Congress worthy of the name "tax reform," we are entitled to expect from the conference the best reforms possible within the parameters set by the two bills.

Mr. President, I ask unanimous consent that the chart and the summary and analysis to which I have referred be printed in the RECORD.

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

CHART—SENATE "TAX REFORM" ACTION COMPARED TO PRESENT LAW—MAJOR ACTIONS

Item	Better	Neutral	Worse
1. Tax shelters: Limitation on artificial losses		×	
2. Tax shelters: At risk rules	×		
3. Recapture of depreciation: Real estate	×		
4. Sports franchises and players contracts	×		
5. Investment interest deduction limitation			×
6. Prepaid interest deduction limitation		×	
7. Farm syndicates	×		
8. Movies: Capitalization of production costs	×		
9. Minimum tax	×		
10. Maximum tax	×		
11. Mixed business-personal expenses (office in home, vacation homes, foreign conventions, state legislators' travel expenses)	×		
12. Gasoline tax deduction		×	
13. Alimony deduction		×	
14. Retirement income credit	×		
15. Child-care credit	×		
16. Sick pay	×		
17. Moving expense deduction			×
18. Stock options	×		
19. Accumulation trusts			×
20. Investment credit (basic)		×	
21. ESOP's			×
22. Investment credit: Movies			×
23. Investment credit: Ships			×
24. Net operating loss rules	×		
25. Railroad provisions			×
26. Airline provisions			×
27. Residential insulation credit			×
28. Residential, solar, geothermal, or wind energy credit			×
29. Residential heat pump credit			×
30. Business insulation credit			×
31. Business solar, geothermal, or wind energy credit			×

Item	Better	Neutral	Worse
32. Wast conversion equipment credit			X
33. Organic fuel conversion equipment credit			X
34. Railroad equipment credit			X
35. Deep mining coal equipment credit			X
36. Coal processing equipment credit			X
37. Shale oil conversion equipment credit			X
38. Percentage depletion for geothermal energy			X
39. Intangible deduction for geothermal energy			X
40. Repeal of excise taxes	X		
41. Foreign earned income exclusion	X		
42. Foreign trusts	X		
43. Repeal of provisions concerning WHTC's and China Trade Act corporations	X		
44. Tax deferral for U.S. controlled foreign subsidiaries		X	
45. Foreign tax credit (basic)		X	
46. Recapture of foreign losses	X		
47. Changes in treatment of less developed countries' corporations	X		
48. Foreign oil and gas income treatment			X
49. Foreign tax credit limit on oil and gas	X		
50. 30 percent withholding tax on foreign investors in bonds		X	
51. DISC	X		
52. Tax exempt organizations			X
53. Pension and insurance rules			X
54. REIT rules		X	
55. Private utilities receipts			X
56. WIN tax credit			X
57. Architectural barriers deduction			X
58. Percentage depletion: Expansion of "small" retailers exemption			X
59. Expansion of industrial development bond exceptions			X
60. Life insurance provision			X
61. Deadwood bill	X		
62. Administrative provisions	X		
63. Capital gains		X	
64. Tax credit for education expenses			X
65. Exchange funds	X		
66. Exemption for contributions to group legal services plans			X
67. Tax incentives for historic structures			X
68. Tax credit for artist donations			X
69. Tax credit for athletes			X
70. Increased estate tax exemption			X
71. Marital deduction increase		X	
72. Special valuation rules for certain lands			X
73. Extensions of time for paying estate tax	X		
74. Generation-skipping transfers	X		

SUMMARY

	Number	Percent
Better	26	35
Neutral	11	15
Worse	37	50
Total	74	100

Note: In order to keep the chart to a manageable length, more than 1 provision may be grouped under a single heading in some instances. The listing of each individual provision in the bill would not produce a significantly different picture.

SUMMARY OF PRINCIPAL RECOMMENDATIONS FOR TAX REFORM ACTIONS BY THE SENATE-HOUSE CONFERENCE COMMITTEE

I. Provisions appearing in one or both versions that should be adopted (references in parentheses indicate the version which should be adopted)*

A. Tax Shelters

1. Limitation on artificial losses (LAL) (House bill)

2. At risk rules

a. Farm operations (Senate bill; but apply to corporations as in House bill)

b. Oil and gas (House bill)

c. Motion picture films (House bill)

d. Equipment leasing (Senate bill)

e. Limitation on deductions by limited partners to amount at risk (Senate bill)

3. Sports franchises and player contracts (House bill; plus apply recapture rules in Senate bill)

4. Partnership provisions (Senate bill)

5. Interest

a. Prepaid interest (Senate bill)

b. Limitation on interest deduction (House bill)

6. Other provisions

a. Farming syndicates (Senate bill)

b. Accrual accounting for farm corporations (House bill)

c. Recapture of intangible drilling and development costs (House bill)

d. Recapture of depreciation—real estate (Senate bill)

e. Amortization of production costs for motion pictures, books, records etc. (Senate bill)

B. Minimum Tax

1. 15% rate (Senate bill)

2. Repeal of deduction for regular taxes (House bill)

3. Repeal of carryover for regular taxes (House bill)

4. $10,000 exemption phasing out at $20,000 (compromise of House-Senate bills)

5. New items of tax preference (House bill)

6. Apply changes to corporations (Senate bill)

C. Maximum Tax (Senate bill)

D. Individual Income Tax Provisions

1. Alimony payments (both bills)

2. Retirement income credit (both bills)

3. Child care credit (Senate bill)

4. Sick pay exclusion (House bill)

5. Moving expenses (House bill)

E. Mixed Business-Personal Tax Provision

1. Office in home (House bill)

2. Vacation homes (House bill)

3. Foreign conventions (Section 602 of Senate bill)

4. Stock options (House bill)

5. Legislators' travel expenses (Senate bill)

6. Non-business loan guarantees (House bill)

F. Accumulation Trusts (Senate bill)

G. Investment Credit

1. Extension of 10% rate (House bill)

2. Motion picture films (House bill)

H. Net Operating Losses (Senate bill)

I. Corporate Surtax Exemption (House bill)

J. Foreign Income

1. Exclusion for income earned abroad (§ 1011(a) of House bill only)

2. Foreign trusts (both bills)

3. Controlled foreign corporations: investment in U.S. property (Senate bill)

4. Foreign tax credit: 48% limit on oil and gas income (Senate bill)

5. Withholding tax on foreign investment in U.S. (Senate bill)

K. DISC

1. Adopt 75% incremental rule (House bill)

2. Base period years and grace period (combination of both bills)

3. Agricultural and military exports (House bill)

4. Effective date (House bill)

L. Administrative Provisions (Senate bill)

M. Capital gains: Increase holding period to one-year (House bill)

N. Railroad and airline provisions (House bill provisions only)

O. Other Amendments

1. Gains on sales or exchanges between related parties (Senate bill)

2. Exchange funds (Senate bill)

3. Donation of government publications (Senate bill)

II. Provisions appearing in one version that should not be adopted (references in parentheses indicate in which bill the provision to be deleted appears)

A. Investment Credit (Senate bill)

1. Extension of expiring investment tax credits

2. Additional 2% credit for contributions to ESOPs

3. Credit for shipping constructed from tax-free funds

B. Foreign Income

1. Foreign earned income (§ 1011 (b) and (c) of House bill; adopt none of Senate bill)

2. Foreign tax credit

Oil and gas extraction income provisions (Senate bill)

Source of underwriting income (Senate bill)

3. Controlled foreign corporations

Shipping profits (House bill)

Agricultural products (House bill)

4. Denial of tax benefits on international boycott income and bribe-produced income (Senate bill)

C. Technical and miscellaneous provisions (drop provisions that are opposed by Treasury or public interest groups or that do not conform to House procedures)

D. Capital losses: Increase in ordinary income offset (House bill)

E. Pension and insurance provisions (Senate and House bills)

F. Railroad and airline provisions (adopt none of provisions added by Senate)

G. Tax credit for home garden tools (House bill)

H. Energy related provisions (Senate bill)

I. Tax credit for education expenses (Senate bill)

J. Other amendments

1. Expansion of industrial development bond exceptions (Senate bill)

2. Exemption for payments to group legal services plans (Senate bill)

3. Tax incentives to encourage preservation of historic structures (Senate bill)

4. Tax credit for contributions of literary, musical or artistic compositions by the donor (Senate bill)

5. Tax credit for expenses of amateur athletes (Senate bill)

6. Consolidated tax returns for life insurance companies (Senate bill)

K. Estate and gift tax provisions (Senate bill)

DETAILED DESCRIPTION OF RECOMMENDATIONS FOR ACTION IN TAX REFORM BY THE CONFERENCE COMMITTEE

I. PROVISIONS APPEARING IN ONE OR BOTH VERSIONS THAT SHOULD BE ADOPTED

A. Tax shelters

1. LAL and the "At Risk" Rules.

The Senate accepted the premise of the Finance Committee that its "at risk" rules constituted an effective alternative to the House-passed "Limitation on Artificial Losses" (LAL) provision. That premise is, however, invalid. The "at risk" rules should be a supplement to LAL, not an alternative to LAL. The two separate approaches are needed to reach different aspects of the factors that tax advisers use to prepare and market tax shelters.

LAL is directed at the deferral aspect of tax shelters. Deferral results when accelerated deductions in excess of income from an investment activity, such as intangible drilling and development expenses, can be taken against other income, such as professional service fees. The taxes that would be due on the other income are thus deferred and are not payable until the investment income begins to exceed deductible expenditures attributable to the investment.

It is important to understand that the benefit of the tax deferral as described above exists even when the taxpayer has purchased the investments entirely with his own funds.

The "at risk" rules, however, are directed to the leverage element in tax shelter deals. If a taxpayer can get the same deductions by using borrowed funds (especailly on a

*Identical or nearly identical provisions in the two versions may not be listed.

nonrecourse basis), the advantages of tax deferral are greatly magnified.

In order effectively to combat the tax avoidance abuses created by tax shelters, it is necessary to employ both LAL and the "at risk" rules. A simple example will make this clear. Suppose an investor put $10,000 in a real estate limited partnership and the partnership borrows additional funds on a nonrecourse basis. The investor's share of the borrowing is $90,000. In year one, excess accelerated deductions from the partnership total $20,000. Assumes the investor also has $20,000 of income from another real estate investment.

The House-passed version of LAL would have no impact on the investor, because his $20,000 of accelerated deductions could be used against his $20,000 of real estate income. Thus he would in effect have a totally tax-exempt investment in real estate.

But the "at risk" rule adopted by the Senate would prevent him from being able to exempt his real estate income from tax in this example. Under the Senate "at risk" rule, the investor would only be entitled to claim deductions from the partnership to the extent of his investment "at risk." The "at risk" investment is $10,000. Thus, he would be required to pay tax on one-half of his income from the real estate investment showing the $20,000 taxable profit.

Conversely, LAL is needed to catch situations in which the "at risk" rule is inapplicable. Suppose in the above example, the investor is personally liable on the $90,000 loan and his other $20,000 of income is from dividends. The Senate "at risk" rule alone would not prevent him from taking the $20,000 in excess partnership deductions against his dividend income. Thus, the "at risk" rule would still permit him to enjoy tax-exempt dividend income. But if LAL were also applicable, this result would be prevented. He would not be entitled to deduct any of the $20,000 real estate deductions against the unrelated dividend income. The dividends would be fully taxable.

These examples make it clear that both LAL and effective "at risk" rules are necessary to combat tax shelters. Either approach, standing alone, can be avoided by proper structuring of the transaction. The House bill recognized this fact in part by providing, in addition to LAL, "at risk" rules for motion picture films, oil and gas drilling operations, and livestock and certain crops.

The Senate, on the other hand, adopted a general "at risk" rule applicable to all limited partners and more specific "at risk" rules for equipment leasing, farming, oil and gas, and motion picture tax shelter operations.

I would hope that the conferees do not spend any time in debating whether LAL or the "at risk" rules represent a more effective approach to the tax shelter problem. The point to understand is both approaches are needed; neither alone is adequate.

Recommendations for Conference Committee action:

1. The conferees should accept the House-passed LAL provision.

2. The conferees should also insist that the Senate "at risk" approach to tax shelters be adopted. More specifically, the following provisions represent the most effective of the "at risk" versions contained in the two bills and should be adopted by the conferees:

The Senate provision should be adopted limiting deductions by limited partners to the amount actually at risk. This would provide the same rule for limited partnerships that currently exists for subchapter S corporations (small business corporations that are taxed similarly to partnerships). It provides a rule of general applicability to all types of tax shelter operations that use the limited partnership form.

The Senate "at risk" rule applicable to farm operations should be adopted. The Senate bill applies to all types of farm operations, rather than just livestock and certain crops, as in the House bill. However, the House provisions did apply to corporations and the Senate Conference should accept this modification to ensure that tax shelter farm operations will not be shifted to corporations.

The House "at risk" rule applicable to oil and gas operations should be adopted. Under the House version, no deductions for intangible drilling costs (IDCs) can be taken except to the extent the taxpayer is at risk. Under the Senate rule, only IDCs in excess of oil and gas income are subject to the at risk rule. The House approach is thus the more effective and should be adopted by the conferees.

The House "at risk" rule applicable to motion picture films should be adopted. The Senate version contains an escape from the "at risk" rules for motion picture films that may offer substantial possibilities for avoidance. However, the conferees should adopt the Senate provision requiring amortization of production costs of motion pictures, as discussed below. As the Senate bill recognizes, both provisions are necessary.

3. Sports franchises and player contracts.

Both the House and Senate bills provided rules to prevent the use of sports franchises as tax shelters. The problem has arisen from the practice of allocating an artificially large proportion of the purchase price of a sports franchise to depreciable player contracts. Both bills employ the same formula to ensure a proper allocation. In addition, however, the House bill places an upper limit on the amount allocable to the player contracts. This is a desirable safeguard and should be accepted by the Senate conferees. Likewise the Senate bill sets forth rules for recapture of depreciation on player contracts that should be accepted by the House.

4. Partnership provisions.

Both bills contain very similar provisions to prevent manipulation of partnership rules in tax shelter transactions. The Senate rules are somewhat more refined and should be adopted.

5. Interest.

a. Prepaid interest.

Both bills contain similar provisions to prevent investors from prepaying interest in order to accelerate the interest deduction and thus defer tax on other income. The Senate provision is somewhat broader, covering points as well as stated interest, and should therefore be adopted.

b. Limitation on non-business interest deduction.

The interest deduction constitutes the single biggest item in the returns of the 244 wealthy individuals who in 1974 had adjusted gross incomes in excess of $200,000 but paid no federal income taxes. The House bill contains a provision that should be effective in closing this particular source of tax avoidance by the rich. Under the proposed House rule, an individual could deduct interest in the current year to the extent of $12,000 plus net investment income (dividends, rents, royalties, etc.) and long-term capital gains. Any excess interest would be carried forward and deducted under the same rule in future years. The House bill will insure a proper matching of interest costs and investment income. The $12,000 exemption is more than adequate to ensure that normal home mortgage interest and consumer interest will not be affected (the exemption covers $150,000 of debt bearing 8% interest, for example—a level of indebtedness achieved only by the well-to-do).

Unfortunately, the Senate bill not only failed to accept the House provision, but it also repealed the present admittedly weak limitation on the deductibility of investment interest. Thus a gaping loophole was widened still further.

The Senate bill did include excess investment interest in the minimum tax base. But this is a mere slap on the wrist. There is little significance in imposing a 15% tax on an item that is protecting the investor from taxes at a 70% rate. The tax equity problems created by an unlimited interest deduction are too substantial to be solved by the minimum tax. More direct action is required.

Accordingly the conferees should adopt the House bill as a responsible and effective solution to the interest problem.

6. Other tax shelter provisions.

a. Farming syndicates.

Both the House and Senate bills contain specific provisions to end the disruption that tax shelter syndicates have caused in the farm economy. The House bill included rules on farming syndicates in its LAL rule. The Senate bill provides a separate but similar rule for farm syndicates used as tax shelter operations.

In addition, the Senate bill requires the development costs of groves, orchards and vineyards to be capitalized (as is presently required in the case of citrus and almond groves). The Senate provisions are appropriate steps to take to insure that farm tax rules really aid the legitimate farmer rather than Wall Street investors and should be adopted.

b. Accrual accounting for farm corporations.

Farmers have been permitted to use the cash method of accounting because of its greater simplicity. Whatever the present validity of this justification, it plainly has no relevance to the larger farm corporations that increasingly have come to dominate the agricultural sector. These sophisticated operations take the cash method intended for the small family farmer and convert it into a tool for tax avoidance. The House bill provided that farm corporations must use the accrual method of accounting required of other business operations. Exceptions were provided for small farms and for family farms. Inexplicably, the Senate bill omitted this provision. The House provision should be adopted so that the rules intended for the benefit of small family farmers will be available only to this group.

c. Recapture of intangible drilling and development costs.

The House bill provided that the gain on the sale of an oil and gas interest should be treated as ordinary income (i.e. recaptured) to the extent that the taxpayer had claimed deductions for intangible drilling and development costs in excess of the amount that would have been deductible had such costs been capitalized. This is similar to the rule that presently applies to improved real estate. The Senate failed to adopt the House provision. With the present high prices prevailing for oil and gas, there is no justification for refusing to apply a recapture rule to these intangible costs. The House provision should be adopted.

d. Recapture of depreciation on real estate.

Both the House and Senate bills provide for the full recapture of the excess of accelerated over straightline depreciation in the case of residential real estate (as is already true of commercial real estate). Both bills provided special transition sales for low-income housing, but the Senate version is the more comprehensive in this respect and should be adopted.

e. Amortization of production costs of motion pictures, books, records, and other similar property. The Senate bill requires the matching of production costs with income from the project in the case of motion pictures and similar property. The rule prevents the acceleration of deductions to create a tax shelter. The House bill contained no corresponding provision. The Senate bill should be adopted (and coordinated with the LAL rules applicable to motion pictures).

B. MINIMUM TAX

The minimum tax is intended to insure that wealthy individuals pay a fair share of federal taxes. The present minimum tax fails to achieve a satisfactory result because of its inadequate rate, omissions from the tax base, an excessive exemption, and the deduction (and carryover) for regular taxes paid. A judicious adoption by the conference committee of the best of the provisions in each of the bills can insure a much more effective minimum tax.

1. Rate. The conference should accept the 15% rate contained in the Senate version, rather than the 14% rate in the House bill.

2. Deduction for Regular Taxes. It is essential that the conference accept the House-passed version repealing the deduction for regular taxes paid (and the carryover for unused regular taxes). The deduction for regular taxes is inconsistent with the concept of an additive minimum tax and is the major reason why individuals with large amounts of preference income escape paying any minimum tax on that income.

3. Exemption. The House version provided a $20,000 exemption, phased out at $40,000 of preference income. The Senate version provided an exemption equal to the greater of $10,000 or regular taxes paid. The conference committee should approve a compromise between the two versions. As noted above, the deduction for regular taxes paid should be repealed entirely. Then the basic exemption should be established at $10,000, phasing out at $20,000. This exemption will insure that persons with relatively small amounts of preference income will not have to make the minimum tax computation, but will also eliminate an unjustified exemption for those with very large amounts of preference income.

4. New Items of Preference Income. The conference committee should adopt the new items of tax preferences as set forth in the House bill. These include:

Itemized deductions in excess of 70% of AGI. While the comparable Senate version utilized a 60% figure, it deleted some of the itemized deductions from the computation; on balance the House version is preferable.

Construction period interest and taxes with an appropriate transition rule for low income housing. Interest and taxes incurred during the construction period are both granted preferential tax treatment and both should be included in the minimum tax base.

The excess of intangible drilling and development costs over the amount allowable if such costs had been capitalized and recovered through straight line amortization. The Senate bill only includes such excess to the extent it exceeds the taxpayer's gross income, from oil and gas; the Senate version virtually insures that such costs will never be included in the minimum tax of wealthy oil investors and operators. Any item of tax preference that is not deferred under LAL should be subject to minimum tax. Under LAL, accelerated deductions are allowed to the extent of related income and these allowable tax preferences thus are properly subject to the minimum tax. The Senate provisions deleting certain items of tax preference and restricting others should be rejected by the conference since they unnecessarily weaken and complicate the minimum tax.

5. Application to Corporations. The Senate bill applied the minimum tax changes to corporations. Inexplicably, the House bill did not. The Senate bill should be adopted in this respect, since there is no reason for corporations not to be subject to the new minimum tax.

C. MINIMUM TAX

Although the Senate failed to repeal the minimum tax in its entirety, it did make one change that should be approved by the conference committee. The Senate version eliminates the present $30,000 exemption which is employed in connection with the tax preference offset. Thus, the earned income qualifying for the 50% maximum rate must be reduced by all of the taxpayer's preference income (which includes the new items of tax preference added to the minimum tax base). This is a desirable change and should be adopted in conference.

D. INDIVIDUAL INCOME TAX PROVISIONS

Both bills contain several desirable changes in income tax rules applicable to individuals. Thus both include nearly identical provisions improving the treatment of alimony and the retirement income credit. There are differences between the two versions with respect to the other individual income tax provisions.

1. Child Care Credit. Both versions convert the present child care deduction to a tax credit. This is a step in the right direction, since it insures that the financial benefit does not increase as income rises, thus providing a relatively greater benefit to upper income families. In addition, both bills eliminate the present income ceiling. But it is important that the conference also adopt the Senate provision making the child care credit refundable. Without the refundable feature, the credit would provide no financial benefit to those who need help the most—working parents whose level if income is not sufficient to incur federal income tax liability.

2. Sick Pay Exclusion. The House bill, with a minor exception, repealed the present sick pay exclusion. This exclusion is unjustified since, by definition, those payments received by an individual are in lieu of otherwise taxable compensation. Thus, they really represent a form of compensation that is properly subject to tax. The Senate bill retained the exclusion for those with AGI of $15,000 or less. The conference should adopt the House version. Congress has steadily narrowed the scope of the exclusion over the years and it is now time to eliminate this tax preference.

3. Moving Expenses. Both bills expanded the present deduction for employee moving expenses. The House version should be adopted in conference. The Senate version expends the present deduction more than the House bill. While some liberalization of the deduction may be appropriate, it is important that Congress move cautiously to be sure that it does not create an unjustifiable avenue of tax avoidance by highly paid corporate executives. The lower limits in the deduction contained in the House bill represent an appropriate modification of the present deduction. Further study of the effects of the deduction are needed before it is expanded still further, as suggested by the Senate.

E. MIXED BUSINESS-PERSONAL TAX PROVISIONS

A number of expenditures incurred by individuals contain both business and personal elements. Only the amount attributable to the taxpayer's business are properly deductible. Both bills contain provisions that appropriately tighten the rules applicable to several of the mixed business-personal situations.

1. Office in the Home. This is an area of significant abuse at present, as individuals seek to convert their personal living costs into tax deductions. The House version contains tighter rules and should be adopted by the conference.

2. Vacation Homes. Both versions represent appropriate responses to attempts by upper income individuals to provide themselves with tax deductible vacation homes. Again, the House version is tighter, especially in providing that the new limitations are applicable when the vacation home is utilized by the owner more than 5% (rather than 10% as in the Senate version) of the total number of days during the year for which the vacation home is rented.

3. Foreign Conventions. The House bill tightens the rules on the deduction of costs incurred in attending conventions held in foreign countries. The House rule is not ideal, and a more appropriate provision was developed by the Finance Committee (section 602 of the Senate bill). Unfortunately, a conflicting provision retaining present law was adopted on the Senate floor (section 2707 of the Senate bill). Action to end tax deductible foreign vacations is urgently needed. Section 602 of the Senate bill should be adopted by the conferees.

4. Stock Options. Both bills repeal the present tax preference granted to qualified stock options. However, the Senate version includes a provision that will invite taxpayer manipulation and needless controversies between the IRS and employees over whether an option can in fact be valued and, if so, the determination of the value. The House bill is thus preferable and should be adopted by the conferees.

5. Legislators' Travel Expenses. The Senate bill contains an appropriate clarification of the tax treatment of costs incurred by state legislators when away from their homes.

6. Non-Business Loan Guarantees. The House bill provides that losses incurred on loan guarantees are to be subject to the same rules on deductibility that apply to direct loans. The Finance Committee deleted this provision.

The House provision should be adopted since there is no justification for different tax treatment between losses from direct loans and losses from loan guarantees.

F. ACCUMULATION TRUSTS

One of the areas in which the conference committee is precluded from improving present law is in the area of accumulation trusts. Unfortunately, both bills retreat from reforms achieved in the 1969 Tax Reform Act. Although each version represents an inappropriate regression in the tax treatment of accumulation trusts—which benefit only wealthy families with sophisticated tax advisers—the Senate version contains a somewhat more preferable rule with respect to the treatment of appreciated property transferred in trust.

G. INVESTMENT CREDIT

1. Extension of 10% Rate. The House bill extended the present 10% investment tax credit for 4 years; the Senate version made the 10% rate permanent. It is unwise to freeze the rate of the credit at a level that may be inappropriate to economic conditions in the future. Extension of the 10% rate for four years as in the House bill insures that the credit will be reviewed by Congress within a reasonable period of time, both as to the level of the rate and as to whether structural changes in the credit itself are required, such as whether the credit should be refundable or incremental. The House version should be adopted.

2. Investment Credit for Motion Pictures. This is another area in which the conferees are precluded from improving present law. Both bills unfortunately grant the credit for the costs of personal services of actors, directors, and producers, which account for the bulk of motion picture film costs. The House version is somewhat more tightly drawn than the Senate version and is the lesser of the two evils.

H. NET OPERATING LOSSES

The Senate bill contains provisions to clarify and tighten the rules restricting trafficking in losses for tax avoidance purposes. The House bill contained no corresponding provisions. The Senate bill represents a desirable change in this area and should be adopted.

I. CORPORATE SURTAX EXEMPTION

Both the House and the Senate bills extend the changes in the corporate surtax exemption in the Tax Reduction Act of 1975. The exemption is increased from $25,000 to $50,000 of taxable income, and the rate on the first $25,000 is reduced to 20%. The Senate bill makes these changes permanent; the House bill extends them for two years. Small businesses need and are entitled to aid and encouragement by the Federal Government. But an increased corporate surtax exemption may not be the best and most effective means of achieving this objective. In addition, there are disturbing indications that increasing the surtax exemption offers tax avoidance possibilities for upper income individuals. Therefore, the best course of action for the Conference Committee is to adopt a four-year extension, comparable to the extension of the investment credit, and require the Treasury to study the effectiveness of the increased exemption in aiding small business and its effects on tax equity. Congress will then be in a position to compare the measure to other suggestions for aiding small business.

J. FOREIGN INCOME

1. Exclusion for Income Earned Abroad. The House repealed the present $20,000 (or $25,000) exclusion for income earned by U.S. citizens working abroad. The Senate retained the exclusion, merely cutting back on some of the double tax benefits enjoyed by these employees. The House provision repealing the exclusion over a three-year period should be adopted by the conference committee. The exclusion is simply a federal subsidy to multinational corporations to help pay the wages of their personnel employed overseas.

However, the conference committee should not adopt the new tax preferences for U.S. citizens working abroad that are contained in the House bill. These include a new deduction for tuition costs, an exclusion for certain employer-furnished services, and a special exclusion for employees of tax-exempt organizations. U.S. taxpayers should be treated alike whether they are employed at home or abroad. The provisions in the House bill grant tax preferences to U.S. citizens working abroad that are not granted to citizens working in the U.S. No similar provisions are contained in the Senate bill.

2. Foreign Trusts. Both bills contain nearly identical provisions to restrict the tax avoidance possibilities involved in the utilization of foreign trusts by taxpayers.

3. U.S.-Controlled Foreign Corporations. Neither bill unfortunately took the badly needed action of ending the tax deferral presently granted for income earned by U.S.-controlled foreign subsidiaries. Both bills unwisely provide exceptions to the present broad and desirable rule that investment in U.S. property by a U.S. controlled foreign corporation constitutes a dividend to the U.S. parent. The Senate provision is, however, more tightly drawn than the House bill and is therefore less susceptible to abuse. The conferees should adopt the Senate version.

4. Limitation on Foreign Tax Credit for Oil and Gas Operations. To help insure that multinational oil operations claim a credit against U.S. tax only for foreign income taxes and not for royalties paid to foreign governments, the Senate imposed a 48% limit on the amount of foreign tax credit that can be claimed for foreign oil and gas extraction income. The provision is a logical extension of action taken by Congress in the Tax Reduction Act of 1975. The Senate provision should be adopted by the conferees.

5. Withholding Tax on Income From Foreign Investment in the U.S. Consistent with long-established principles of international taxation, the U.S. imposes a 30% withholding tax on the dividend and interest income earned by foreign investors from U.S. stocks and bonds. A statutory exception, subject to periodic Congressional review, has been granted for interest earned on deposits in U.S. banks. Treaties have modified the 30% rate in instances where U.S. taxpayers received a corresponding tax benefit from the other treaty country. The House bill would make permanent the exemption from bank interest and unilaterally extend the exemption to bond interest. The Senate deleted the exemption for bond interest and extended the bank interest exemption for three years. The Senate provision should be adopted in conference. The U.S. should maintain the principle of taxing bond interest earned by foreign investors unless, through treaty negotiations, American investors can get a benefit in exchange for the U.S. foregoing or reducing the rate of tax on bond interest.

Similarly, as in the past, Congress should extend the exemption for bank deposit interest for only three years, thus insuring that Congress can continue oversight and review of this provision in light of changing international conditions.

K. DISC

One of the more disappointing results of the present tax reform debate was the failure of either the Senate or the House to repeal DISC, the controversial tax subsidy for U.S. exports. As a result, all the conferees can do is make the best of a bad situation. Both the House and Senate bills do place DISC on an incremental basis. Thus, the ripoff of U.S. taxpayers by multinational corporations is alleviated somewhat, although it is not eliminated. Under the House bill, DISC benefits are available for exports in excess of 75% of base period export sales. The Senate bill reduces the figure to 60%. Both percentages are too low, but the conference should adopt the higher House figure of 75%. Both bills also adopt a three year base period, but with different beginning dates and different points at which the base period begins to move. The House bill provision for a base period of 3 years, commencing with 1972, and an effective date of January 1, 1976 should be adopted. However, the Senate rule that the base period begins to move in 1980 should be adopted in lieu of the House provision that defers movement of the base period until 1981.

L. ADMINISTRATIVE PROVISIONS

Both bills contain similar provisions to improve the administration of the tax laws. The Senate bill, especially as to disclosure of IRS rulings, should be adopted.

M. TECHNICAL PROVISIONS

During Senate consideration of the bill, it became apparent that the term "technical provision" was in fact a euphemism for "special interest provision" for certain favored lobbyists and pressure groups. As a result, some of the provisions were dropped. However, numerous unjustified provisions that benefit only a few economic interests were retained in the bill or added on the Senate floor. A sense of the pervasive nature of these provisions is evident from the fact that they are found lurking in at least five different titles of the Senate bill:

Title XIII: Miscellaneous Provisions

Title XXIII: Other Amendments

Title XXV: Additional Miscellaneous Provisions

Title XXVI: Other Miscellaneous Amendments

Title XXVII: Additional Senate Floor Amendments

More study of most of these provisions is required before they become law.

Accordingly, when possible none should be adopted by the conferees, unless they are not opposed by the Treasury Department or public interest tax reform groups, or have satisfied the more rigorous House screening procedures for such provisions. Many create new or expand existing loopholes, and should be subjected to further Congressional scrutiny.

N. CAPITAL GAINS

The conferees should adopt the provision in the House bill extending the holding period necessary to qualify for preferential long term capital gains treatment from 6 months to one year. There is no reason why an investor should be able to turn over his inventory of stocks twice a year and pay tax at half the normal rates, while a retail merchant who turns over his inventory twice a year pays tax at full rates. While a one-year holding period does not solve all of the problems created by preferential capital gains rules, it represents a step in the right direction.

O. RAILROAD PROVISIONS

The House bill contained two provisions providing more favorable tax rules for railroads. The Senate then proceeded to add still more, and to extend some to airlines. Since the Senate bill includes the two provisions adopted by the House, the conferees must accept these new tax preferences for railroads. However, the conferees should reject the additional tax preferences for railroads added by the Senate. New or expanded deductions and credits help only those railroads that are showing a profit. Where federal aid is needed most is for those railroads that are in financial difficulties. Direct federal aid is the answer to their problems, not the creation of arbitrary new tax preferences. Congress has not been provided with any objective study to show whether the Senate-added tax preferences for railroads are either efficient or effective federal subsidies.

P. OTHER AMENDMENTS

The Senate bill contains three provisions improving present law that should be accepted by the Conferees. These are the provisions relating to the treatment of gains on sales or exchanges between related parties, exchange funds, and donations of government publications.

All these provisions tighten existing rules to show off possible areas of tax avoidance.

Q. TENTATIVE CONCLUSION ON PROVISIONS THAT SHOULD BE ADOPTED

If the conference committee follows the recommended actions set forth above, Congress could enact a tax bill that represented on the whole, a significant tax reform measure. A conference report that included these measures (plus those as to which there was no significant disagreement between the two bills)—and only these measures—would, I believe, deserve the support of those who have worked for meaningful tax reform in this Congress.

But I label this conclusion "tentative" because the two bills contain so many other provisions that, if accepted by the conferees to any significant extent, will turn the bill into a travesty of tax reform. These new or expanded tax loopholes must not be agreed to by the conferees if Congress is to keep its promise of true tax reform this year.

The following section discusses why these measures fail to meet the test of tax reform and why they should not be accepted by the conferees. If such measures are incorporated into the final bill, then the only responsible course of action for tax reform minded Senators and Representatives will be to defeat the Conference Report.

II. PROVISIONS APPEARING IN THE SENATE OR HOUSE BILLS THAT SHOULD NOT BE ADOPTED

A. INVESTMENT CREDIT

The Senate bill contained several changes in the investment credit that should be rejected by the conference.

1. *Additional 2% Investment Credit for ESOPs.* Perhaps the biggest waste of Federal money and the most irresponsible Senate action is contained in the additional 2% investment credit that is provided if an equivalent amount of funds is contributed by an employer to an employee stock ownership plan. In spite of the rhetoric surround-

ing ESOPs and the desirable goal of enhancing employee participation in capitalism, the fact is the Congress has not the faintest idea whether tax-funded ESOPs are effective or equitable. The tax literature is replete with how ESOPs can be used by corporate management as a tax avoidance technique, but there is little indication that rank and file employees are getting any substantial benefit from them. Before Congress starts sweetening the ESOP pot, it should find out precisely how ESOPs are working in practice. There is very good reason to suspect that, like most "trickle down" ideas, ESOPs really benefit only the upper income owners of corporations and involve a significant waste of federal money .

Or perhaps supporters of ESOP's are correct in their view that these devices represent a 20th Century pot of gold for employees. But before Congress pours another $3.3 billion of tax dollars over the next five years into ESOPs, even a bare semblance of fiscal responsbility requires that we have at least some idea whether the program is effective, rational and equitable. Pending a full study of the effect of ESOPs, Congress should provide extra financial rewards for their use. The conferees should reject the inflated Senate provisions and quietly extend the existing law for another year, to enable a proper study to be carried out.

Investment Credit for Shipping Constructed with Tax-Free Funds. One of the tax preferences now provided to the shipping industry is the deferral of tax on income placed in a qualified capital construction fund. Indeed, the income is in effect exempt so long as investment in new ships is continued. The purpose of this provision is to provide a federal tax subsidy to assist in the construction of new shipping for the U.S. maritime fleet. On top of this current tax exemption, the shipping industry, the Senate bill adds an investment credit for ships built with the tax exempt funds. In effect, the provision is a negative income tax for the shipping industry. For years the IRS has properly refused to grant the credit for costs attributable to the tax-free funds. The Senate now seeks to bail out the shipping industry with still another subsidy. As the Wall Street Journal has had occasion to point out, there are many things wrong with the shipping industry, but additional federal subsidies are not going to correct any of them. The additional and retroactive tax subsidy voted by the Senate should be rejected by the conference committee.

B. FOREIGN INCOME

1. Earned Income. As noted above, the new tax preferences voted by the House for U.S. citizens working abroad (House bill § 1011(b) and (c)) should be rejected. The earned income exclusion should be repealed in its entirely, and no new tax preferences should be enacted to give U.S. citizens working abroad tax advantages over their counterparts working in the United States. The House bill provisions should be rejected by the conferees.

2. Foreign Tax Credit.

a. Oil and Gas. The Senate bill as originally reported by the Finance Committee contained several hidden giveaways for the oil industry. Fortunately, they were exposed to the light of day, and were deleted by the Finance Committees after it became obvious that these special interest provisions were unjustified.

b. Source of Underwriting Income. The Senate bill also contains a $5 million annual gift to the insurance industry (Senate bill § 1036). Although the Finance Committee report casts the reasons for the provision in terms of "clarification" of present law, the only thing the section clarifies is the fact that the insurance industry will pay $5 million less in taxes than it does now. Present rules are adequate for the IRS to reach correct results. The Senate provisions should be rejected by the conferees.

3. Controlled Foreign Subsidiaries. The House bill contains two provisions to give unjustified tax benefits to certain multinational corporations. These provisions would grant deferral of tax benefits to certain shipping profits and agricultural products. We need to move in the direction of less scope for the tax deferral provisions, not greater scope. The Senate wisely eliminated these provisions from the bill. The conferees should approve the Senate action and delete the House bill provisions.

4. Denial of Tax Benefits on International Boycott Income and Bribe Produced Income. The Senate bill (§§ 1061–66) contains well intentioned provisions denying certain tax rules to taxpayers who participated in international boycotts or who realize income as a result of bribes paid to foreign persons. I deplore the actions to which the Senate bill provisions are directed and I also support direct actions by the appropriate agencies and departments, if the government is to bring these illegal and unethical practices to an end. But I do not believe that the tax provisions in the Senate bill are either effective or appropriate responses to the problems of international boycotts and foreign bribes. The Senate provisions should therefore not be adopted by the conference.

C. TECHNICAL PROVISIONS

As explained above, the "technical provisions in the Senate bill are really disguised "special interest" provisions in most instances. Only those provisions passing muster with the Treasury and special interest groups or under the House screening procedures should be adopted. The balances of the provisions should be rejected by the conferees.

D. CAPITAL LOSSES

The House bill provided an expanded preference for capital losses. Under present rules, capital losses can only be used to offset capital gains. A limited exception allows capital losses to produce a $1,000 deduction against ordinary income. The House bill expanded this exception to $4,000. The Senate properly deleted this provision from its version of the bill. What is required is a tightening of the tax treatment of capital transactions. Once the rules on capital gains are brought into line with other income, then Congress can consider more liberal treatment of capital losses.

Until then, no further expansion of the provision allowing ordinary deductions for capital losses is warranted. The conferees should reject the House provision.

E. PENSION AND INSURANCE PROVISIONS

The House and Senate bills each contain different provisions expanding the tax preferences for private pension plans and for insurance companies. Fortunately, none of the provisions in either version is contained in the other. Therefore, the conferees should simply eliminate Title XV from the final bill. The provisions contained in each bill require further study. If they prove to be meritorious, Congress will act next year.

F. RAILROAD PROVISIONS

For the reasons outlined above, none of the new tax preferences for railroads added by the Senate should be adopted by the conferees. The measures contained in both bills are of doubtful merit, and the conferees should not accept the provisions added by Senate.

G. TAX CREDIT FOR HOME GARDEN TOOLS

The House bill would provide a tax credit for home garden tools. The Senate struck this provision, since it would be impossible to administer and would be subject to wide abuse. The Senate action was correct and the conferees should reject the House provision.

H. ENERGY RELATED PROVISIONS

The Senate bill contains a tidal wave of new and expanded tax expenditures that are nominally directed at the nation's energy problems. These measures are ill-conceived and wasteful. They cost hundreds of millions of dollars. And I predict that if they are enacted, they will contribute nothing to the solution of our energy problems. There has not been a single study to show that any of these new or expanded tax credits—for windmills, for heat pumps, for scrap processing—constitute an effective, equitable and rational response to our energy needs. There is too much money involved in these tax expenditures for Congress to irresponsibly enact them and then hope they will do some good.

Before we embark on this dubious method of meeting our energy problems, we should at least give the next Administration a chance to evaluate the various proposals. The conference committee should reject every one of the Senate passed energy-related provisions, and defer action on them until next year.

I. TAX CREDIT FOR EDUCATION EXPENSES

One of the late amendments adopted by the Finance Committee was a tax credit for certain educational expenses. While I strongly support federal assistance to education, I do not believe that the tax expenditure route is the best path to follow. For example, I believe that federal aid to students should be provided in the maximum amount to poverty level families, and that the amount of federal aid should gradually decrease as income rises. High income families do not need federal aid to meet educational expenses. The problem with the Senate-passed tax credit is that it provides no aid to the poverty level family because that family has no tax liability against which to use the credit. Further, the provision gives the same dollar amount of federal aid to the richest families in the country as it gives to low and middle income families. And, there is nothing to prevent educational institutions from raising the cost of tuition to absorb the credit. This is neither a rational nor an equitable way to provide federal financial aid for education. Congress has already enacted promising direct programs to help students meet educational expenses. Congress should concentrate on providing adequate funding and improving of these programs, rather than embarking on a costly tax expenditures program of doubtful equity or effectiveness. The conferees should not adopt the Senate-passed tax credit for education expenses.

J. OTHER INCOME TAX AMENDMENTS

The Senate, in all too familiar fashion, loaded on to the tax bill a number of other provisions that expand existing tax preferences or create new ones. The following provisions should be rejected by the conferees to insure that the bill is the "tax reform" rather than the "tax loophole" bill of 1976.

1. Expansion of Industrial Development Bond Exceptions. Despite the overhelming evidence that industrial development bonds constitute an enormously wasteful and inequitable method of providing federal financial assistance, the Senate bill backtracks on the reforms achieved in 1969 and expands the scope of these tax avoidance devices. The Conferees should reject the Senate provisions providing for wider use of these IDBs.

2. Exemption for Contributions to Group Legal Services Plans. One of the most frustrating aspects of the Senate bill is that its provisions are not even consistent among themselves. On the one hand, the bill prop-

erly cuts back on the sick pay exclusion, because it is inequitable to exclude this form of compensation from income. Then the Senate turns around and proposes to exempt another form of compensation from tax—contributions to group legal services plans. While I yield to no one in my desire to see adequate legal—as well as medical—services available to all Americans, the new Senate-proposed tax expenditure is the wrong mechanism.

As a program to help finance prepaid legal services, here is how the Senate bill would work. If an employee's income is less than $5,000 per year, the Government will pay nothing toward his legal service costs. For each $100 of such costs incurred by an employee with $10,000 of income, the government will pay $22; for an employee with $25,000 income, the government pays $36; at $100,000 of income the government pays $60; and for those with over $200,000 of income, the government absorbs $70 of the $100 costs. In other words, the Senate bill proposes to provide no help to those who need it most in obtaining legal services; and it provides the maximum federal aid to those whose incomes are so high that they have demonstrated they need no help in paying their legal bills. This kind of "upside down" federal assistance is the wrong way to help finance prepaid legal services. Congress should have learned lessons from providing upside down tax expenditures in other areas. The conferees should reject the Senate provision and let a new Administration come up with a fair program for federal aid to prepaid legal services plans.

3. Charitable Contributions of Inventory. In another provision to turn back the tide of tax reform, the Senate voted to return to a system of giving double tax benefits to the drug companies. It did this by restoring a charitable deduction for contributions of inventory. Under the Senate bill, not only does the business continue to pay no tax on the value of the inventory, but it will also receive a charitable deduction for one half that value. To be sure, the Senate bill requires drugs to comply with FDA procedures before the deduction is allowed. But in 1969, Congress decided that one tax preference for the contribution was enough.

The 1969 Act restricted the charitable deduction, but continued the tax exemption for the gain. The 1969 rule is the correct one and the conferees should reject or substantially cut back the Senate provision reinstating this unjustified double tax benefit.

4. Other New Tax Expenditures. The conferees should also reject the new tax expenditures in the Senate bill in the form of tax incentives to encourage the preservation of historic structures, the tax credit for contributions of artistic works created by the donor, and the tax credit for the expenses of amateur athletes. There are no analyses available to Congress to give us the faintest idea whether these proposed tax expenditures are either efficient or rational methods of spending federal funds. What we do know is that all of them make the tax system more inequitable by creating tax preferences for a few. The conferees should reject these provisions of the Senate bill.

K. ESTATE AND GIFT TAX PROVISIONS

One of the most urgent items of business before Congress is comprehensive reform of the federal estate and gift tax system. The Senate version of the tax reform bill contains a number of estate and gift tax provisions. Unfortunately, the provisions are in general inadequate and misguided. The result is not surprising, in view of the fact that the Finance Committee undertook to draft the estate and gift tax sections of the bill after only one day's hearing on this difficult and complex subject. The Ways and Means Committee has reported out a comprehensive tax reform bill. While I do not agree with all of the results reached in that bill, it does address the major issues of estate and gift tax reform in a more responsible way, with far less revenue cost. Therefore the conferees should not accept the ill-considered proposals in the present Senate bill. We should follow an orderly path by letting the full House consider the bill pending before it. Then the Senate, with the help of tax lawyers and advisers, should examine the House bill and reach our own informed judgments on the proposed changes. In this way we can be more assured that estate plans are not thrown into turmoil by inadequately considered measures.

More specifically, the Senate bill provisions dealing with estate and gift tax reform are deficient in the following respects:

a. Unified Transfer Tax. The Senate bill fails to replace the present inequitable dual estate and gift tax system with a single unified transfer tax that taxes lifetime and deathtime taxes alike.

b. Rate Structure. The Senate bill makes no adjustment in the present irrational rate structure applicable to transfers.

c. Marital Deduction. The Senate bill fails to provide an unlimited marital deduction. It does increase the marital deduction, but it is difficult to determine any rational basis for the $250,000 figure chosen by the Finance Committee. Rationality and equity in the transfer tax structure require that wife and husband be treated as a single unit for transfer tax purposes. An unlimited marital deduction accomplishes this purpose.

d. Generation Skipping Transfers. In this respect the Senate bill appears to be moving in the right direction. However, it fails to deal with straight generation skipping transfers. Moreover, further study is needed to determine if the bill adequately deals with discretionary trusts.

e. Exemption level. The Senate bill provision increasing the estate tax exemption (via a tax credit) to the $200,000 level is unacceptable. No convincing reason has yet been offered why the wealthiest 7% of families in the country are primary candidates for tax reductions. An increase in the present $60,000 exemption has no place in an estate and gift tax reform bill. Relief for the estate tax liquidity problems of farmers and small business persons is essential, but it should not be a pretext for massive tax relief for others who do not deserve it.

CONCLUSION

The list of provisions recommended for adoption by the conferees reveals that Congress has the tools to enact a genuine tax reform bill. But the list of provisions that need to be rejected by the conferees indicates the extent of further tax inequities that can be inflicted on the average taxpayer. It is my hope that the conference committee will carefully choose from the two bills the meritorious proposals that promise a fairer tax system for all Americans.

BABY SELLING

Mr. MONDALE. Mr. President, in 1975, the Subcommittee on Children and Youth, which I am privileged to chair, held hearings on the implications of the black and gray market in adoption in which an intermediary charges an exorbitant fee for placing a child with an adoptive family. The hearings established that there is in fact a "market" in which babies are "sold" in this country, and in many cases these "sales" of human beings are actually legal.

I call to the attention of my colleagues an excellent series of articles which appeared in the Chicago Sun-Times on this subject in June. The series featured a number of personal stories of unwed mothers and adoptive parents who were involved in such "baby selling" activities. The series demonstrates that this highly questionable practice of baby selling continues to flourish. The articles raise numerous important questions about the morality of baby selling, the adequacy of governmental regulatory authority, and the effects of baby selling on the children involved.

Because it represents a significant contribution to our knowledge about the problem of baby selling, I ask unanimous consent that the Sun-Times series be printed in the RECORD.

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

[From the Chicago Sun-Times, June 13, 1976]

THE VAST MARKET IN INSTANT INFANTS

The woman who sat in the office of a Loop lawyer had just been told that if she wanted to adopt a baby, she could be moved to the top of the waiting list for $7,500—$1,500 by check and $6,000 in small bills.

"Why, this is selling flesh," she said with repugnance.

"Yeah, I know," the lawyer answered casually. "It's my business. I sell flesh."

The lawyer had just defined the black market in babies as baldly as anyone could—human beings selling other human beings for a profit.

And a two-month investigation by Sun-Times reporters has found flourishing black and gray markets for adoptable babies in Chicago, across state lines and between countries.

The investigation also found that the big majority of lawyers and agencies involved in adoptions are ethical and fair. In fact, the woman who related the conversation above went on to adopt two children through other lawyers and is happy she did.

But the wait of up to four years for a baby from the old-line agencies drove her to explore Chicago's word-of-mouth underground, where one desperate couple tells another the names of lawyers who wheel and deal in babies and who can work miracles for a price.

Legalized abortions and the new willingness of unwed mothers to keep their own babies have drastically shrunk the supply of infants. Up to 200 couples compete for each healthy, white, adoptable baby, according to estimates by state officials.

Because courts in most states seal adoption records, ostensibly to protect everyone involved, the public and even adoption experts themselves have been kept ignorant of the extent of the black and gray market in babies.

So Sun-Times reporters impersonated unwed mothers and childless couples in order to find out firsthand what is happening today. Among other things, they found:

A Chicago lawyer who, by his own account, has handled 1,500 adoptions in nearly 20 years. He told two Sun-Times reporters posing as an adoptive couple he could get them a baby for $10,000.

A Chicago lawyer who was ready to give a baby to Sun-Times reporter following a five-minute phone conversation in which he was told she and her husband were moving to well-to-do Glencoe. He told another reporter posing as an unwed mother, the parents he had in mind were fit parents because their Glencoe home must cost $80,000.

Lawyers who instructed reporters posing as unwed mothers and adoptive couples how to lie to the court and sign false affidavits about illegal payments and the identity of the unwed father.

That the black market is most flagrant in interstate and international deals that are out of the control of state authorities and where there is an absence of federal control.

A licensed adoption agency in Chicago that adopts babies from Mexico, shuffles applicants through a maze of agencies and foundations from here to Holland that are all controlled by the same man.

These and other personal stories of unwed mothers and adoptive parents who were touched by the gray and black markets in babies will appear in this and succeeding issues of the Sun-Times.

[From the Chicago Sun-Times, June 13, 1976]

HOW BABY BROKER DEALS—NO. 1 OPERATOR: SLICK AND COSTLY

(By Pam Zekman and Bob Olmstead)

Meet Norman Rothbart, Chicago's No. 1 baby broker for nearly 20 years.

His current top price, quoted to The Sun-Times, is $10,000 per adoption, all expenses paid, and he says he has handled 1,500 adoptions in his career.

Rothbart is a 5-foot restless dynamo who seems always to be doing several things at once, and through it all talks, talks, talks.

By his own count, distraught women call him 20 times a day to plead with him to find them a baby so their lives can have new meaning.

And—less frequently these days—unwed mothers hesitantly call Rothbart to ask his help in the painful ordeal of getting through a hopeless pregnancy without harming the child.

With his energy and experience, Rothbart has branched out to other positions of influence. In his spare time he is a special assistant attorney in Atty. Gen. William Scott's consumer fraud division and a member of the Chicago Bar Assn.'s committee on adoption law.

In his two decades of dealing with wounded women, Rothbart has developed a casualness—even a jauntiness—that some women who dealt with him told The Sun-Times they found distressing.

For a firsthand look at Rothbart's methods, Sun-Times reporters visited him several times, posing first as an unwed mother and again as a childless couple who desperately wanted to adopt a baby.

Through it all, Rothbart appeared oblivious of Illinois law that forbids the selection of a home for an adopted baby by anyone but a licensed agency, and that also forbids the payment of excessive fees to attorneys handling adoptions, lest it amount to baby-selling.

The following is the account of reporter Laura Green, who telephoned Rothbart and told him she was pregnant and needed help finding a good home for her baby:

"You don't want a good home for the baby," he told me on the phone, "you want an excellent one."

He assured me that I would be given the finest medical care and that I wouldn't have to go to a clinic. He also said we would not discuss money over the phone, but added:

"Anything you want, I can give you. You won't have to skimp." It was his only offer of money.

The next day, in Rothbart's 12th-floor offices in the 188 W. Randolph Building, Rothbart's secretary, Ruth, asked if I had lunch money and advised me not to be so nervous. Rothbart was "Uncle Norman" to thousands of babies, she said.

Rothbart, who was late for our appointment, came blustering in, a short, bull-necked man with a very full head of hair who looks 10 years younger than his age, which is 53.

"Am I a bad boy? Am I a bad boy? Am I a bad boy?" he rattled, each time waiting for an answer. "I ran into a man who was running for judge and we had lunch."

First, Rothbart had me fill out a two-page questionnaire about myself and my family. He especially wanted to be certain that I was not married, had never been married, and had neither previous children nor pregnancies.

When I told him I knew who the father was and that he was a married man, Rothbart told me to lie to court social workers who would ask me about it. Otherwise, he said, the father would have to be notified and his wife would divorce him.

"The social worker will interview you for a half hour and ask questions like the ones I ask," he said. "Don't worry, it's simple. Tell him you don't know who the father is."

Rothbart rambled on about all the girls in trouble he had helped.

"You wouldn't believe how many girls have sat there and said the same things," he said.

He pointed to a credenza in his nicely furnished office and said it was full of scrapbooks with pictures of beautiful girls and their babies.

While we talked, a call came in from a woman inquiring about adoption. He said there were 1,500 couples waiting and suggested she call back in three or four months unless she would consider a mixed-race child.

Later, when "Uncle Norman" bought me lunch, he said he would pay all my hospital bills, even if the baby were born by cesarean section.

I said I hope the parents would be college graduates.

"You'll have pro-fesh-shun-als," he assured me. They would be in their mid-30s, and he would try to put the baby with another adopted baby so it would not be an only child. However, I could not know the adoptive parents' names.

When I asked what would happen if the baby were born deformed, he said not to worry, it rarely happened. But if the baby were real bad, God forbid, I could give it to the state. And if it weren't too bad, he said, the adoptive parents could "patch it up."

Through it all, Rothbart kept up a stream of comments, advice and ancedotes of pregnant women who suffered miscarriages, depression, or who ended up with scars, which he described in vivid detail. I winced and thought how I would resent this even more if I were really distraught, unwed and four months pregnant.

He told me: How he placed three babies—a Filipino-Puerto Rican and two interracial infants—with a 300-pound girl "who nobody would marry."

How a mother who once gave him a baby for adoption came back years later to adopt one because her husband had a low sperm count. (He thought that one was pretty funny.) How the restaurant's waitresses had "big melons."

For a final indignity, back in his office, Rothbart reached over and patted my supposedly pregnant abdomen to see how things were coming along.

Then he took time out to place a call to his stockbroker, meanwhile continuing the interview.

To the broker: "Great. Great. It's going up, eh? Great."

To me: "Have you been to the doctor, right?" I nodded.

To the broker: "How's the other one? Down. Down. Eh."

To me: "For a general physical? Did they give you a chest X-ray or take blood?" I shook my head.

"Just an internal, right?" he said as he thrust his middle finger upward in a probing gesture. He offered to give me an examination and when I refused, said, "Funny. All the girls say that."

When we parted, Uncle Norman told me not to worry. Then he insisted I kiss him good-by.

I did.

Later, when Sun-Times reporters Mary Dedinsky and Tom Dolan visited Rothbart in his office, posing as John and Mary Dolan who want to adopt a baby, Rothbart at first discouraged them.

He said that although he had 41 babies last year, so far this year he hadn't heard from a single unwed mother. "How do I get babies? I have a network of 75 doctors." But, he repeated: "There are no babies."

Later in the 1½-hour interview, Rothbart warmed up, telling John and Mary repeatedly: "You want a baby, I'll get you a baby, (but) it's going to cost you a great deal."

When he was pressed on exactly how much it could cost, Rothbart said, "It will not cost you more than $10,000. Does that scare you?"

A Sun-Times reporter asked Circuit Court Judge Harry G. Comerford, one of two judges who hears adoption cases, to define what constitutes the black market sale of babies. He answered that it would be a situation where a lawyer keeps lists of clients who want babies and, in addition, charges them an unreasonably high amount for medical costs and legal fees.

Legitimate charges, he said, could go as high as around $1,200 in medical costs for a normal birth or $2,500 for a cesarean, plus legal fees of $350 to $1,000. In a rare instance, he said, this would mean a total of $3,500 for abnormal medical costs and the services of a high-priced lawyer.

What about a lawyer who would charge $8,000 to $10,000 for an adoption, he was asked.

Judge Comerford answered: "I want that man's name."

FACTS ABOUT THE BABY MARKETS HERE

What are the black and gray markets in babies?

Cook County Circuit Court Judge Harry G. Comerford defined a black market transaction as one in which the adoptive parents are charged an exorbitant amount—one higher than the sum of reasonable legal, medical and hospital fees.

He put that reasonable amount at around $2,500, or $3,500 at the most rare circumstances.

A gray market deal, the judge said, is one where an intermediary acts as an unauthorized agency by keeping lists of couples who want babies and by matching them up with babies who come along.

There are few statistics around to show whether independent adoptions are any more successful than those by licensed adoption agencies.

Cindy Bane, a family therapist and former caseworker for the Illinois Department of Children and Family Services, has assembled one of the few sets of facts on the question.

She says her limited study indicates that the phenomenon of "adoption fallout"—where parents turn against their adopted children during normal child-raising problems—happens more frequently in independent adoptions than in agency adoptions.

Her study also indicated that a high proportion of the troubled independent adoptions were highly irregular black and gray market deals that left emotional time bombs of anguish in store for the children and adoptive parents.

She found that of 29 traceable cases, 19 were from independent adoptions, even though independent adoptions involving non-relatives make up less than 15 per cent of the whole.

Also, Ms. Bane found, 16 of the 19 couples had never been the object of a home study to find out if they would be reasonable risks as adoptive parents.

Most startling, she found that in 7 of the 19 cases, one or both of the parents had what was thought to be a terminal illness at the time of the adoption—something that would

have disqualified them at any adoption agency.

The parents had adopted, Ms. Bane believes, mostly to fill a psychological need to extend their lives through children. When some of them lived past the time they were supposed to die, they no longer needed the children and the troubles began.

[From the Chicago Sun-Times, June 14, 1976]

ILLEGAL ADOPTION PAY: "DONE EVERY DAY"

(By Pam Zekman and Bob Olmstead)

Adoptions in Cook County are routinely turned into black-market sales by under-the-table money paid to the natural mother or a lawyer, a Sun-Times investigation has found.

One lawyer who said he would arrange such illegal pay has told a Sun-Times reporter posing as an unwed mother that the practice is "done every day."

Paying the natural mother not only is illegal in itself, the state's attorney's office said, it also is used as an excuse by some lawyers to jack up the bill presented to the adoptive parents—whether or not the mother actually is demanding the extra money.

Circuit Court Judges Harry G. Comerford and Helen F. McGillicuddy, who hear adoption cases, told The Sun-Times they do not believe there is much of a problem here.

"I would say that we are basically clean in the black-market and gray-market areas," Comerford said. "The main safeguard is the affidavit on which the attorneys and adoptive couples must attest to the veracity of the costs and fees paid for attorneys, doctors and hospitals.

"Our general policy is we will not approve of adoptive couples' paying living expenses for the mother, because the more avenues you create for the natural mothers to get money the more avenues you create for unscrupulous or improper payments."

In the nine years since he instituted the affidavit system, Comerford said, "We have never had a situation we know of where they had lied under oath. We have rumors of it . . . but in following it up it is difficult to get any hard information."

Information is hard to come by for two reasons:

Adoption records are sealed by the court, supposedly to protect the privacy of those involved.

The natural mothers, adoptive parents and lawyers are reluctant to talk about any illegal acts. In addition, the adoptive parents are afraid of losing the baby, and the unwed mother does not want publicity about the pregnancy.

So Sun-Times reporters posing as unwed mothers went directly to adoption lawyers themselves to see firsthand what is being done. Most were correct in their advice, but some were not.

Reporter Mary Dedinsky went to lawyer Stephen G. Pinto in his 10th-floor offices at 188 W. Randolph, where he soon instructed her how to lie to the court investigator if she didn't want the court to know who the father was. Otherwise, he indicated, the father could block the adoption.

He told her she could either say that she was raped or that she got drunk at a party and went to bed with three or four men. "You can say you don't know how you could have done it, but you did," he coached, and added that he would brief her more fully when the time came.

Pinto at first told Ms. Dedinsky she was legally entitled only to the payment of medical and hospital bills, and not to a direct payment for the baby. When she remarked that she would have to move away from home so that her parents would not learn she was pregnant, Pinto suggested she move in with one of her girl friends.

Then he added—cautioning her not to discuss it with anyone—that he might be able to get some extra money for her, say around $150 a month, starting in her seventh or eighth month of pregnancy. He twice told her not to tell anyone about this, and explained that he would bring her the money and she would have to pay her own bills.

In a second instance, reporter Pam Zekman, posing as an unwed mother, went to see lawyer Peter N. Kamberos at 77 W. Washington. She had been directed to him by another lawyer who, during several weeks of negotiations, had alternately dangled before her the possibility of getting living expenses and then reproached her for showing interest.

If Kamberos was sensitive to the charge of child-buying, he didn't show it. Almost immediately, he told Ms. Zekman the adoptive parents would want to know the race of the father. "They want to know what they're buying, you know," he said. "They don't want to buy a pig in a poke."

Then Kamberos got to the point: "OK, now what do you want?"

Ms. Zekman told him the previous lawyer had confused her for weeks with an on-again, off-again expense money.

"Well, I can get you expenses," Kamberos said. "Don't worry about that."

Ms. Zekman said the previous lawyer had told her that was illegal.

Ms. Zekman said the previous lawyer said such a thing would involve falsifying an affidavit.

"I'll put it in the medical bills in some other category like medical," he said. "That's what I'll probably do. . . . It's sort of stretching the imagination, you know.

Then he smiled as he thought of a little joke: "See, if your father found out, it WOULD be a medical bill. This is sort of preventative medicine."

On the other end of the transaction, lawyers sometimes coach adoptive parents on how to pay illegal money without being caught.

Asst. State's Atty. Nicholas Iavarone said investigators in 1974 tape-recorded a conversation in which a lawyer falsely told an adoptive parent the mother was demanding big money and jacked up the adoption cost to $6,500. Ivarone said the lawyer advised the parents that the best way to obtain the money without leaving telltale bank records would be to borrow it from a relative and discreetly pay it back later.

A third lawyer who offered illegal payments to Sun-Times reporters was Jerome J. Zelden, who has offices at 33 N. Dearborn.

After several conversations with reporter Zekman, who again was posing as an unwed mother, Zelden told her: "I have talked to the couple again and they are willing to subsidize you by $150 a month, so that should work out perfectly. They will pay me and I will give you the money."

When Ms. Zekman later pressed him for a full explanation of how the money would be accounted for, the lawyer answered:

"There is an affidavit which will be filed with the court which sets forth the expenses an individual has to pay—that is, what the adoptive couple paid. I am going to have to say that these expenses were for things other than what they were for.

"It's prohibited by law," he said, and then changed his mind: "It's not illegal." Then he hedged once more: "Well, it's sort of a gray area. But in the affidavit we will just have to list this as something else."

"What will it be listed as?" Ms. Zekman asked.

"Well, possibly we'll show it as part of my legal fees—but you see, this is something the adoptive parents have to worry about. They have to say on the form that these are legal fees. You don't.

"You will only have to talk to a social worker from the court," he advised. "I will be with you and prepare you every step of the way. You are going to state, since this money is being paid to you in cash, that this money was for prenatal expenses. Do you understand?

"Actually," he added, "I'm the one who is on the hook, if you really want to know, because I have to account for the money spent, the expenses. It is my risk. I am the one who can get in trouble, but you have nothing to worry about."

[From the Chicago Sun-Times, June 15, 1976]

BABY DEALS: HOW DOCTORS, LAWYERS DO IT

(By Pam Zekman and Bob Olmstead)

It's the black-market-baby version of ambulance chasing—doctors and lawyers who team up to make money on the babies of unwed mothers.

Raymond I. Suekoff, the chairman of the Chicago Bar Assn. committee on adoption law, calls such doctor-lawyer teams "an unholy alliance."

"When a doctor and lawyer work together referring cases, it becomes a commercial operation. It is very bad. They are not trying to do something good. It's a lucrative business that way."

It happens often enough that social workers cited these examples which they say happened to unwed mothers they were counseling:

The girl was on the hospital delivery table, her feet in stirrups, when the doctor asked if he could arrange the adoption of her still unborn baby. The girl went into hysterics.

The doctor was furious at his patient when she saw her baby for the first time and decided to keep it rather than give it away through him for adoption. "You're costing me $2,000," he screamed.

Another doctor was so angry at his patient—who decided to give her baby up through an agency rather than through him—that he refused to release her from the hospital even though she was fit.

A doctor's lawyer hounded a girl in the hospital for her baby so much that her room had to be changed and her calls screened.

Lawyer Stephen Pinto explained to a Sun-Times reporter who was posing as an adoptive parent the economics of the "unholy alliance."

"Usually I get three or four girls a year on my own, and then it is just the hospital and medical expenses, plus my fee, which is reasonable" ($500, he said).

"But when you have to find a child. . . . Well, the referrals I get usually come from doctors and hospital administrators and that means it could cost between $5,000 and $6,000."

"Is that a finder's fee?" the reported asked.

"Well, yes," Pinto said. "It is selling a baby, that's what it is."

One example of a doctor-lawyer team explored by The Sun-Times was that of Dr. Albert Chams, an obstetrician at 30 N. Michigan, and lawyer Jerome J. Zelden, of 33 N. Dearborn.

On the telephone, reporter Pam Zekman told Zelden she was Patricia O'Malley, single and pregnant, and was determined to give up her baby. Then she visited him at his office, where she found him to be in his 40s, rather courtly and with long graying hair and a goatee that makes him look like Burl Ives.

He told her he had handled 150 to 200 adoptions since he became a lawyer in 1959. He told her he had three possible couples lined up for her baby, "all personal acquaintances of mine."

"Do you have a doctor?" he asked. When he was told yes, he went on: "Well, I would prefer that you use my doctor. He is a very fine doctor. He is the head of OB-GYN (obstetrics and gynecology) at Edgewater Hospital and he works at several other places.

"He is a personal friend of mine and I would feel more comfortable if you use him. You do not have to, of course, but I would prefer it."

At their next meeting, Zelden told "Miss O'Malley" he had arranged for the adoptive parents to pay her monthly living expenses, and the money could begin as soon as she saw Dr. Chams.

"I want you to make an appointment with him as soon as possible. I have talked to him about you and he is expecting a call from you. As soon as he checks you out and makes sure everything is put together right (here he smiled at his euphemism for pregnant), then we can start giving you the money."

To find out if Dr. Chams, in turn, referred unwed mothers back to Zelden, the pregnant wife of a Sun-Times staff member went to Chams' office for an examination. She said she was from out of state, unmarried, and had gotten Chams' name out of the phone book.

When the woman and reporter Zekman, who posed as her sister-in-law, arrived for a 3:30 p.m. appointment, they found 24 women, most of them pregnant, in the crowded waiting room and even out in the hall, where they sat on folding chairs and on the floor.

More than an hour later, the pregnant woman was summoned to an examination room. Dr. Chams, a stocky, olive-skinned man, entered and looked at her chart. She told him she was going to give her baby up for adoption and he said:

"Do you want me to arrange it?"

"Can you do that?"

"Oh, yes," said Chams.

"Should I go to an agency?"

"Oh, no. We can take care of it. . . . All your expenses will be paid by the people who are going to adopt. They will pay for everything but the first (doctor's) bill" (which was $40).

"Is that legal?"

"Oh, yes. I have a patient who wants a baby. We can take care of it."

Dr. Chams, who knew nothing of the pregnant woman's finances, next urged her to "apply for public aid in case there's something wrong with the baby. Then public aid will pay and you won't be stuck with the expenses."

Later, Dr. Chams again urged the pregnant woman not to go to an adoption agency because, he said, she probably would receive inferior medical care at a public hospital. "It is much better if you are seen by a private physician," he said.

Dr. Chams, who addressed his patient as "Sweetheart" and "Honey," also urged her again to sign up for public aid. When she said she couldn't because she lived with her brother, he told her to lie.

"Tell them you are not living with your brother," he said. "Tell them you are living by yourself. I want you on public aid because, God forbid, if something should happen with the baby, then they (the adoptive parents) won't pay for it."

In a phone conversation, Chams once again coached her on a phony story for public aid. He not only told her to lie about living alone, but also to say she intended to keep the baby and that she did not intend to return to her home in Maryland.

"Tell them that story. OK, Sweetheart?"

He also gave her a phone number and told her to get in touch with a lawyer, who turned out to be Jerome Zelden. "I usually tell him to take care of it," said Dr. Chams. "He handles adoptions."

He added that Zelden would represent the parents, and the unwed mother could get her own attorney if she chose.

The pregnant woman called Zelden, who proved skittish over the telephone. "People shouldn't talk on the telephone," he told her. "You never know who's listening."

Then, accompanied by her "sister-in-law" (this time impersonated by Sun-Times reporter Carolyn Toll), the woman visited Zelden in his office, where he interviewed them in a library.

"I presume the father is unknown," said Zelden.

"No, he is not unknown," said the mother, "but I do not want to reveal his name."

"Then," Zelden repeated meaningfully, "he is unknown."

"'No, he is not unknown," said the mother, "but I do not want to reveal his name."

Zelden looked at her, exasperated by her apparent denseness, and explained carefully:

"If the welfare department knew that you could name him, because of the Supreme Court Stanley decision you would be required to track him down and get his consent to give the baby up for adoption. But if you said he was unknown, this would not be required.

"So," he tried once again, "if any of these agencies ask you about the father, what . . . is . . . your . . . answer?"

"Unknown," she said at last.

Zelden seconded Dr. Chams' urging for her to get on public aid, but told her not to lie about it. He assured her that if she were turned down and anything happened to the baby, he would personally pay for medical bills.

He also said he would pay for her plane fare home to Maryland, although he emphasized that this was not an expense allowed by the court. "It will be our little secret," he said, and winked conspiratorially.

THE INSTANT-INFANT MARKET HURTS

The series of stories that began in Sunday's Sun-Times lays out a bleak picture of baby-selling in Chicago and the nation and even internationally. Black- and gray-market baby sales have zoomed in the last five years as legalized abortion and the recent willingness of unwed mothers to keep their babies have drastically cut the supply. Federal and local laws and court regulations, shaped when babies were more plentiful and less profitable, can no longer control the situation.

That the law is being broken is bad enough. But the real issue is that people are being hurt—people who have virtually no recourse because they're afraid, ashamed or unable to complain afterward.

Who gets hurt?

First, the children, whose fate is too often placed in the hands of adoptive parents whose overriding virtue—in the eyes of the black-marketeer—is that they have the money.

Two social workers told a Sun-Times reporter about the adopted child who was "a lemon."

The parents had paid $10,000 for her as a baby, and when she was almost 2 they realized she was brain-damaged. The father took her to a welfare agency and told the stunned social workers: "If you buy a car you don't like, you can always return it. If it's a lemon, well, what do you do with lemons but return them?"

Another told of a boy adopted for "a great deal of money" who was committed by the parents at age 5 to Lincoln State School as retarded. He stayed there for nine years until "someone discovered he wasn't retarded at all. . . . He was a little hyperactive, and of course nine years at Lincoln didn't help."

The adoptive parents can get hurt by price-gouging, blackmail and years of fear that their adopted baby will be taken away because the mother was paid illegally. And, unfortunately, they're correct in that fear. One child-welfare expert says the chances of having an independent adoption reversed by the courts is 13 times greater than in conventional agency adoptions.

Sun-Times reporter Pam Zekman talked with many adoptive parents, all of whom were afraid to allow use of their names. One man told her his wife lived in fear of their lawyer because he once told her: "The only one who can take your baby away is me."

The natural mother in black-market deals can also be subtly but cruelly hurt. The middleman will hardly give her even-handed counseling, including the possibility of abortion or keeping the baby herself. His money depends on one thing—getting her to sign away her baby 72 hours after it is born. Without counseling, she often lives out her life with a feeling of guilt, wondering if she had been bought.

Even those not involved can get hurt. They are the hundreds of equally deserving adoptive parents who don't have the money to compete in the high-stakes bidding in the black market—the parents who wait up to four years in Illinois to get a baby from a conventional adoption agency.

In response to the Sun-Times series, John Cadwalader Menk, Chicago Bar Assn. president, has announced the bar will investigate the role of lawyers in black-market adoptions. This is a good start, but not enough.

Congress and the General Assembly must bring up to date their laws to control this newly flourishing evil. Circuit Court, where judges said they believed there was little abuse in Cook County, must crack down on the small number of lawyers who make big money casually arranging people's lives with less thought than most people spend on matching up blind dates.

[From the Chicago Sun-Times, June 16, 1976]

BABY BROKERS TWIST LAW IN SALES PITCH

(By Pam Zekman and Bob Olmstead)

Chicago's gray market in babies has all shades of gray from the lightest to the darkest—with a little purple passion thrown in.

The surprising purple was turned up by reporters posing as unwed mothers who found that lawyers tended to treat them casually and unprofessionally. One politically well connected lawyer insisted on discussing business with a woman reporter in his bachelor apartment, where he made suggestions seldom found in law school textbooks.

The phenomenon illustrated what ethical lawyers and social workers say is a frequent evil of gray market adoptions—the conflict of interest that arises when a lawyer represents both the natural mother and the adoptive parents.

In such instances, which have been ruled improper by the Chicago Bar Assn., the natural mother can fail to get adequate counseling and the same respect and protection from the lawyer as the couple for the simple reason that the couple is paying him and the mother isn't.

The gray market in adoptions, as defined by Circuit Court Judge Harry G. Comerford, is when "the attorney keeps a list of clients on hand who want to adopt.

"The very fact that he keeps a list of clients like that for babies—even though he doesn't charge much money, say $500 or $600—that is gray market.

"He is doing nothing illegal as far as his charge is concerned, but he is in violation of the Child Care Act if he is selecting parents. . . . He's functioning as an attorney, but he is spilling over into the Child Care Act and he is technically violating the law."

The lightest shade of gray found by Sun-Times reporters were the lawyers who kept lists of prospects but who unequivocably told reporters in their poses as unwed mothers or adoptive parents exactly what the law allows in other areas.

Darker gray surrounded lawyer Bernard Davis, of 124 N. La Salle.

Like other lawyers reached in the two-month investigation, Davis rather unsubtly coached reporter Pamela Zekman on the desirability of lying to the court investigator who would ask her who was the father of her unborn child.

After Ms. Zekman initially said she knew the father, Davis gave her a lecture on the U.S. Supreme Court's Stanley decision, which has held that illegitimate fathers also have rights to the child.

"The only way you are going to get around that," he said, "is if you don't know who he is. Now, do you know who the father is? What would you say to the social worker?"

He approved her revised answer, that she didn't know who the father was.

Unlike a competent and unbiased counselor who would make sure the unwed woman had carefully thought about all her options, including abortion and keeping the baby, Davis praised her for giving her baby away, which he said was the only sensible course.

He was also vehemently against her exercising her right to see and hold the baby during the 72-hour period the law gives her to decide whether she wants to give it away or keep it.

"I don't like that," he said, waving his arms. "I don't like that at all. It's no good for you, no good at all. I don't want you to see that baby . . . I don't want you touching that baby."

Davis also told reporter Carolyn Toll, posing as an adoptive mother, that the natural mother of her prospective baby was insisting on getting five to six months living expenses.

"It's not permitted to do that, of course," he said candidly, "but you have to decide if it is morally digestible to you."

He also advised her that he could get her Mexican or black babies.

Later, Davis telephoned Ms. Toll and offered her another baby, to be born to a married couple that already had several children and had unsuccessfully attempted to abort their expected baby. During a second office visit, he showed Ms. Toll, accompanied by reporter Tom Dolan posing as her husband, photographs of the couple and their family. He estimated the cost at $3,500, of which $1,000 was his fee and the rest medical expenses, he said.

The gray-market lawyer with the fastest footwork was Marshall Ravich, who shares offices with Stanley T. Kusper, Jr., the county clerk. Ravich alternately proclaimed his ethical purity, dangled the possibility of illegal acts before a reporter posing as an unwed mother, berated her for showing interest, boasted of his political clout, insisted the woman reporter meet with him in his bachelor apartment, and ultimately referred her to another lawyer, who he said would not flinch at anything.

Reporter Zekman, posing as Pat O'Malley, a pregnant 22-year-old ice skater who didn't want an abortion, was referred to Ravich by a nurse at an abortion counseling center that advertised in The Sun-Times.

At first, Ravich told her he didn't specialize in adoptions, but later told her he was currently handling three.

Ravich appeared to face the conflict-of-interest problem squarely by telling the "unwed mother" he would represent the adoptive couple and technically he could not also represent her. However, he gruffly added that if, after their little chat, she felt she could not trust him and wanted to have her own lawyer, "Well then, it would be difficult for us to do business."

He told her she would get hospital and medical expenses paid and "that is your right under the law. . . . Now we don't sell babies in this office. If you are interested in selling your baby, then there are plenty of attorneys out there who will do that, but not here."

He also told her not to lie about the identity of the father because the father would have to be notified and his consent obtained.

He gestured around him and told the "unwed mother" to note the lush offices and the names of the politically powerful men on the door. The lesson, he said, was that she was "in good hands here and everything is above board."

However, he soon began suggesting how corners could be cut.

He pulled out a copy of the affidavit of expenses that must be submitted to the court and said, "Now there is a category here called 'care.' I never understood what care meant. But there are all kinds of things we could list under care.

"Now you mentioned something about needing to move out of the house and getting an apartment. Well, we could list that under care and pay our expenses that way. I can understand that. And then there is convalescence."

Without prompting, Ravich went on to a new area: "Now if you should want something in addition to that—say you should want $5,000 over and above that—well, that would be what we call under the table. It is illegal. It is criminal."

But the subject was not yet closed. He continued: "Only three people would know about that and it would not be included here. It would be me, the parents and you. Now, if you are thinking about something like that, well, we have to talk about that."

He paused and waited for a response, and Ms. Zekman, as the unwed mother, said, "Well, I don't want to do anything illegal. But I do need some money."

"You are not getting my point," he said, irritated. "I have explained to you how we can put in for a lot of costs under care and convalescence. That will take care of your living expenses when you want to move out. You are not getting my meaning. . .

"Now listen carefully. There are all kinds of ways to do things. Now if you should want $5,000 under the table or something, well then, we have to handle that differently. It would be totally under the table.

"Now what do you want, Pat?"

Pat tried to remain an uncommitted dullard, but Ravich wouldn't let her off the hook, demanding to know how much she wanted "over and above what we can put in convalescence."

When the "mother" finally muttered "a couple thousand," he abruptly changed his tack, calling her a criminal and telling her she would end up spending her skating career in a reformatory.

After thoroughly scaring "Pat" on the possibility of going to jail, he shifted gears again:

"Now I am not saying you can't have it. I am not saying that at all. But I have to think about it and you have to think about it. And I have to ask the couple if they want to take the chance. If not, I may have to find another couple for you."

During a later telephone call, Ravich said the adoptive parents had balked on the advice of another attorney they had hired. He returned to his theme that such a payment would be illegal and that it wasn't a good idea anyhow. He then turned to one of his favorite topics—his connections and power.

"And like I told you before," he said, "the court that handles this—well, that court, they'll do a political favor once in a while. You know, the judge (Harry G. Comerford) will bend over and not always be prim and proper—but in adoption procedures he is a maniac, he is prim and proper to the letter."

Ravich likewise told reporters Mary Dedinsky and Larry Weintraub, posing as adoptive parents, that although the judges handling adoptions could be influenced on other issues, they were very strict on adoptions.

He also drew their attention to Kusper's name on the door and boasted: "I could hold up the First National Bank in broad daylight and not get in trouble with this firm."

Judge Comerford angrily denied the suggestion that the court could be influenced on any matter. "That is not true," he said, "in adoptions or any other area."

"Pat" later called Ravich and said she needed only money for living expenses. He gave her his home telephone number and said he wanted to meet her in his bachelor apartment high in Lake Point Towers to talk about how the money could be paid. Such matters could not be discussed in his office or on the phone, he said.

When she asked if such payments were proper, he said: "If we do it, we can't show it. We would have to put the living expenses in with the doctor bills or under care if your doctor would be willing to do that. . . . It is OK if you do it the way I tell you to do it. That's what we have to talk about. I won't talk about it on the phone."

A few days later Ravich brought up the proposed meeting again, and jested about whether or not he could trust her alone. In her condition, he certainly could trust her, she said, and Ravich laughed. He set a time for the meeting, which took place a short time later.

In Ravich's plush apartment overlooking Lake Michigan, he assured her the payments were possible, and that she had nothing to worry about. First, he told her to ask her doctor to issue inflated medical bills to cover the illegal living expenses. Getting the inflated bills approved by the court would be no problem, he said.

"Just give them to me," he said. "I will just get them approved."

If the doctor refused, he told her, "I will refer you to someone or I will handle it, but don't worry. It will be taken care of."

Even though he couldn't formally represent her, he said, "I'm going to help you and protect you even though you can't say I'm your lawyer. . . ." He told her she wouldn't have to pay anything for his services, adding: "You just have a beautiful baby."

Currently, he said, he was keeping a low profile because "I'm about to be made a judge, and I can't take any chances; it's not worth it." The judicial robes could come, he said, "anytime I decide and I am ready."

Ravich also told the supposedly pregnant woman, in what she took as heavy-handed humor, that because he worked in a "politically heavy" law firm he could get any kind of license he wanted, including a marriage license for the two of them. He suggested they could back-date it to before she was pregnant. "You could say it was our kid. Then we could get a divorce."

Then the 40-ish lawyer told the "unwed mother," "I'm not used to sitting in my living room with my clothes on. Would you mind if I took them off?"

When she said she would mind, he wanted to know if her experience had turned her off to all men, or if she could be interested in him.

In her condition, she repeated, she wasn't much interested.

Could she be interested afterward? he pressed. Did he have a chance?

She firmly suggested no, and the urgent legal conference ended with Ravich observing that "Miss O'Malley" was certainly one of the "colder cookies" he had ever met.

TOP LAW OFFICIALS PLEDGE PROBE OF ADOPTION ABUSES

(By Pam Zekman and Bob Olmstead)

Top officials of four law agencies Tuesday promised an aggressive investigation seeking abuses in Illinois adoptions.

The officials met in response to stories in The Sun-Times that have told of baby black-market and gray-market practices found during a two-month investigation by reporters posing as unwed mothers and adoptive parents.

Those who met and promised the investigation were Circuit Court Judge Harry G. Comerford, one of two adoption judges in Cook County; Illinois Atty. Gen. William J. Scott; State's Atty. Bernard Carey; John Cadwalder Menk, president of the Chicago Bar Assn., and their aides.

The spokesman for the group, Raymond I. Suekoff, chairman of the bar's committee on

adoption law, said, "There will be no whitewash but no witch-hunt. If there is something illegal, we want to correct it."

Suekoff said the Bar Association will be especially concerned with determining if Illinois law can regulate adoptions as babies become increasingly scarce and profitable.

Judge Comerford did not say whether he intends to open sealed adoption court files to investigators from the state's attorney's office or if he will grant immunity to adoptive parents who talk about black-market involvement.

On another front, the Illinois Department of Public Aid opened an investigation into bills submitted by Dr. Albert Chams, who has offices at 30 N. Michigan and 3425 W. Peterson.

The Sun-Times in Tuesday editions told how Dr. Chams repeatedly urged a pregnant woman to lie to the department so the state would pay her medical bills.

Chams told the woman, who was taking part in The Sun-Times' investigation of the adoption scene, that it was important to lie to get on public aid so the state could pick up the medical bills that might ensue if her baby were born deformed.

Public Aid Director James L. Trainor Tuesday called such an act by a doctor "reprehensible."

He said the department would review all the bills submitted by Chams and three other doctors in the same office.

A public aid spokesman said that in 1975 Dr. Chams submitted bills totaling $56,000 and was paid $28,000. The spokesman said the two figures were different because Chams repeatedly submitted bills that were higher than the allowable payments.

The spokesman also said records showed that another doctor in Chams' office submitted bills for $162,996 in 1975 and was paid $83,243.

Trainor also said department investigators would question the 37 public-aid patients cared for by Dr. Chams, an obstetrician and gynecologist, to determine whether any were urged to lie to get on welfare.

Tuesday's story described the co-operation of Dr. Chams and lawyer Jerome Zelden of 33 N. Dearborn in referring adoption cases to each other.

[From the Chicago Sun-Times, June 17, 1976]

ONE MAN'S "FAR-FLUNG" ADOPTION AGENCY

(By Pam Zekman and Bob Olmstead)

The most needlessly complicated adoption agency in the world may be that run by Easter House, 111 N. Wabash—and at least half a dozen governmental bodies would like to know why.

The structure involves five foundations and agencies in Chicago, Delaware, The Netherlands and Mexico that shuffle applications for babies back and forth with an impressive show of paperwork.

In reality, however, the far-flung machinery is controlled by one man, Seymour G. Kurtz, 46.

Kurtz, a lawyer, has dabbled in setting up a rejuvenating health farm in the Bahamas in addition to his adoption interests.

One of Kurtz's agencies is Stichting (Foundation) Susu (named after his daughter Susan), located in The Hague in The Netherlands. Kurtz and his associates repeatedly have told adoptive couples that their applications would be processed through Stichting Susu, which they described as a child welfare body with international contacts.

In reality, Stichting Susu was nothing but a post office box, with Kurtz himself flying to Holland to pick up the mail.

Asked about the five agencies, Kurtz admitted to The Sun-Times, "Actually, I am the only one who controls the whole shooting match. It's all me."

One of his explanations of why this byzantine organizational structure is necessary is engaging but uninformative. "What can I say?" he laughs. "I'm an incurable romantic."

When pressed, Kurtz says the network is the preliminary stage of an international effort to find new sources of babies for American couples who want to adopt.

However, some investigators see the Kurtz operation as shot through with misrepresentations and opportunities for tax-dodging, illegal baby-selling and freedom from effective regulation by any one state or country.

"He may have found the foolproof scheme," said an investigator for the Illinois Department of Children and Family Services, who has turned over his findings to the state's attorney's office.

"He has created such jurisdictional problems that no one can get their teeth into it. He's all over the map."

The normal charge to an American couple getting a baby through Kurtz is $4,000, plus $900 in legal fees (should a couple wish to employ attorneys referred by Kurtz), plus $150 for a home study, plus the cost of going to Mexico to pick up the baby.

Thomas Howard, chief enforcement officer for the Department of Children and Family Services, said, "A bell goes off in my head when we are talking about $4,000 to $5,000.

"I understand that the agencies have to pick up medical and other expenses, but my concern is when you can't really trace any of this money . . . and that is awfully close to what I call selling."

A fee of $4,000 to $5,000 is high even in the United States, where medical expenses for a cesarean birth could run $2,500. But Kurtz's babies are born in Mexico at a far lower cost.

For example, Kurtz told the Sun-Times that in Juarez the unwed mothers are cared for in a clinic where the medical bills average $120.

Al Velarde, Southwest regional director of the U.S. Catholic Conference, who has handled many Mexican adoptions, was asked his opinion of the $4,900 cost. "You've got a black market with kids," he said. "Oh, boy, that is high."

Velarde said that in his experience in Mexico the court and lawyers fees total around $150.

Kurtz admitted to The Sun-Times that there is fat in the $4,900, but said he gets none of it. Americans who pay that amount help subsidize his Mexican agency, Casa del Sur, so it can allow Mexican couples to adopt for nothing, he said. There are three free Mexican adoptions for every single American adoption, he said.

Another disturbing aspect of Kurtz's operation discovered by The Sun-Times is that one of his five agencies, Suku Inc. (again named after Susan Kurtz) is a for-profit corporation registered in Delaware.

Private attorneys recommended by Kurtz keep only $90 of the $900 in legal fees paid by the couples. The remainder—$810—goes to Suku Corp.

Kurtz, the sole Suku stockholder, says he hasn't made a penny from it. He said part of the money pays the expenses for Suku to handle legal paperwork and negotiations with immigration offices. Some $300 is used to pay Mexican attorneys, he said. In addition, Suku lent $6,700 to Casa del Sur last year, Kurtz said.

Suku is late in filing a financial statement with Delaware and owes taxes there.

A Sun-Times investigation also discovered that the fifth Kurtz agency, the Tzyril Foundation, also at 111 N. Wabash, filed federal income tax returns in 1973 and 1974 as a tax-exempt organization even though it was not registered with the IRS as tax exempt.

Kurtz acknowledged this, calling it "an error by the accountant . . . a misunderstanding." In any case, he said, it was unimportant because the Tzyril Foundation didn't make any money to pay taxes on.

One reason Kurtz's Tzyril Foundation didn't make money is that it gave a total of $61,000 in 1973 and 1974 to Kurtz's Casa del Sur, which he said is registered in Mexico as a not-for-profit body. In addition, records supplied by Kurtz show Tzyril spent $16,000 for his own travel in the same two years, a period when he was flying to Holland to pick up Stichting Susu's mail.

One couple who adopted a baby through their own efforts in Mexico ran into Kurtz at Casa del Sur and remember him well.

"His opening remark to us," said Mrs. Beryl Soparker, "was, 'Any questions you have, the answer is yes.' Then he told us he would get us a child that matched our coloration, which was impossible. My husband is Indian and I am blond and fair."

Mrs. Soparker said Kurtz told them the cost would be between $3,000 and $6,000. She and her husband looked elsewhere.

Kurtz contends he is the victim of a politically inspired attempt by the Department of Children and Family Services and a former employe, Millicent Smith, to blacken his name and steal his files and his business. He is suing both, and has charged Ms. Smith with selling a baby for $3,000 to a couple his agency handled after she left his employment.

Ms. Smith was executive director of Easter House for 10 years until she quit in January, 1975, and opened her own agency, which uses the name Easter House Adoption Agency Inc.

She says that until 1973 Kurtz, who was president of Easter House, paid little attention to it, that adoptions cost $2,500 and the operation was entirely ethical. Then, she says at a time when Kurtz was pressed by financial troubles, including years of IRS tax liens against him, he unveiled his Mexican operation, promising that "we were going to make lots of money."

The way it was outlined, she said, adoptive parents who called Easter House would be referred to Stichting Susu in Holland, which would be described as an organization having affiliates around the world. "The truth was the agency in The Hague was a post office box," she said. "A year ago he rented an office there, but it has no personnel."

(One couple told The Sun-Times that for a long time after applying for a baby at Easter House they were under the impression the baby was going to come from Holland or European agencies working with Susu.)

Actually, Ms. Smith said, the only agency Susu dealt with was Casa del Sur in Mexico. Casa del Sur, in turn, would tell the couple that Easter House would do the fitness home study, at a cost of $150.

"I couldn't understand why he was going this circuitous route to do the same thing we were already doing. It didn't make any sense to send couples all the way to Holland and have them wind up back with us anyway. . . . He said it was a tax shelter, a way of getting money out of the city."

Ms. Smith also said that Kurtz told employes to process the applications fast so they could collect the $150 home study fee on each one. In addition, she said, Kurtz told them they would get a "kickback" on the legal fees.

One day, she said, Kurtz brought into the office a sample sign being tacked on trees and posts on country roads in Mexico. The signs urged people to send their unwed women to Casa del Sur, which would arrange for adoptions.

Kurtz confirmed that not only were such posters put up but similar brochures were handed out in churches. He said the Roman Catholic Church in Mexico was grateful for his anti-abortion efforts.

Also grateful to Kurtz are some couples who got Mexican babies at reduced prices.

Mrs. Audrey Kaplan, whom Kurtz referred to the Sun-Times, said she paid only $1,500, plus the $900 legal fee. She said Kurtz told

her that he approved the reduced rate but that she would also have to get the special approval of Stichting Susu in Holland.

Mrs. Kaplan, told that Kurtz and Stichting Susu are synonymous, refused to believe it.

Incorporation and other records give this background of the Kurtz network:

Easter House, 111 N. Wabash, a licensed adoption agency in Illinois, registered as not for profit since 1962. Kurtz is president. Four of the nine directors listed in the 1975 annual report told The Sun-Times they were never asked and did not know they were listed as directors. Another refused to comment.

Tzyril Foundation, 111 N. Wabash, listed as a tax-exempt charitable organization with the Illinois attorney general's office, but not with the IRS. Not a licensed adoption agency. Its only known activity is receiving applications from Easter House and referring them to Casa del Sur or Stichting Susu.

Stichting Susu, The Netherlands, registered with the Dutch government in August, 1973, as a not-for-profit foundation. The only known staff is Kurtz as president and Margo A. Hamilton of Skokie as associate director.

Casa del Sur, Mexico City and Juarez, a licensed adoption agency. Kurtz is the founder. Kurtz says it has handled 43 adoptions to Mexicans and 13 to U.S. citizens.

Suku Corp., registered in 1974 in Delaware, where authorities say it has never filed an annual report and owes $120 in taxes. Kurtz is vice president and sole stockholder. President is Gary Davidson, who Kurtz says has been paid $4,000 in salary.

A final unsettling note for Americans picking up babies with what they believe are final adoption decrees is this:

Agent Ted Georgetti of the U.S. Immigration and Naturalization Service in Chicago says Kurtz appears to have made special arrangements to avoid the usual six-month wait before the adoption decree becomes final.

"He's getting decrees from judges that get around normal Mexican custody procedures. There is a custody regulation that the child has to be with the adopting parents for at least six months before the adoption can become final," Georgetti said.

"The judges are issuing special decrees in Kurtz cases negating the law. There is nothing we can do about it as long as the Mexican government or courts are willing to put up with it."

Kurtz contends the six-month wait is only for abandoned children. When the mother signs a consent there is no such wait, he said.

PROBERS TO GET AFFIDAVITS ON EXPENSES OF ADOPTION

(By Pam Zekman and Bob Olmstead)

Circuit Court Judge Harry G. Comerford said Wednesday he will give state and county prosecutors affidavits filed in the last 18 months attesting to adoption expenses.

Comerford, one of two Circuit Court judges hearing adoption cases, said the move is the preliminary step in the co-operative investigation into adoption abuses announced Tuesday by four law agencies.

The investigation by the Circuit Court, the attorney general's office, the state's attorney's office and the Chicago Bar Assn. was in response to a continuing Sun-Times series detailing adoption abuses.

Comerford said the affidavits would give investigators the names of couples involved in independent adoptions. The investigators want to know if lawyers in the cases filed a false account of expenses paid by the couples and if the lawyers violated the Child Care Act by acting as unlicensed adoption agencies.

Both offenses are misdemeanors.

John Cadwalader Menk, bar association president, said the investigators have "agreed that everything should be done to protect any adoptive parents who would be willing to assist in this investigation."

Comerford said that at this point the only affidavits examined would be those of lawyers mentioned in The Sun-Times series. However, Atty. Gen. William J. Scott said he wasn't certain the investigation should be limited to these lawyers.

Scott said the investigators were concerned that some lawyers might be farming out adoption cases to hold down their own total and avoid suspicion that they are methodically seeking babies.

The announcement did not mean that sealed adoption records are being opened. Comerford said the affidavits are kept separate from the sealed adoption records, and at this point the names of the natural mothers will not be given to investigators.

[From the Chicago Sun-Times, June 18, 1976]

UNWED MOTHERS WHO DIDN'T SELL OUT

(By Pam Zekman and Bob Olmstead)

She was 22, had two years of college and was on a summer vacation in Germany when she was raped.

It was a violent experience that exploded during a date with a young German. She didnt report it because she didn't want the red tape, and she left immediately for her home in a Chicago suburb.

"I knew I was pregnant right from the start because everything bad happens to me," said Carol, which is not her real name. "I just knew it.

"I didn't know what to do. I was actually dreaming about just running away and having the baby and then reappearing. It was a fantasy.

"When I started showing, I knew I was going to have to tell my parents, and I was so distressed about it. Then I had a stroke."

The stroke was a mild one that she blames on the turmoil she was going through. And her parents found out about the pregnancy when she collapsed and was examined by a doctor.

When Carol was six months pregnant she decided to put the baby up for adoption. But at this point she trusted nobody—neither her doctor, who said he had a family that would adopt the baby, nor Lutheran Children Services in River Forest, where a social worker gave her legal papers to sign if she wanted to go through the agency.

So she took the agency's papers to a woman lawyer in Chicago and asked her if the papers were proper.

"I figured she would be sympathetic because she was a woman," said Carol. "I wanted to ask her about my rights if I kept the baby. She didn't know anything about the adoption statutes and kept looking them up as we went along.

"Then she said that if we went the independent way and she handled it, she could probably get $8,000 for me. She said she knew people who wanted babies.

"She said that I would get money for my mental anguish and retroactive pay for the time lost on my job. Also the medical bills and doctor bills. It was like she was dealing with a personal-injury case or something and I was the injured party.

"I was shocked. I didn't know anything about this sort of thing until I got pregnant. I was angry. If I was going to charge someone for my mental anguish I wouldn't stop at $8,000.

"I said I would call her when I decided. She charged me $50 for an hour's consultation, and I never called her back.

"I'd never give up my child for money. I don't think you can put a price on a baby—and there was more to it than that. I wanted to be sure the parents would be good parents, not just people who could afford to pay for it."

So Carol went back to Lutheran Children Services, where a social worker she became close to helped her talk her way through the rough times. She doesn't think she could have gotten that kind of help from a lawyer who would have handled an independent adoption.

"People don't think of unwed mothers as anything more than a little pregnant creature who wants to get rid of the child and that they are there to help them get rid of the child.

"What do doctors and lawyers know about it? All they know is you have a nice smile and a nice dress and that the adoptive parents have money to pay.

"When I was going through this, I needed a lot of help. I was ambivalent. I had a hard time making up my mind, and the agency never pushed me.

"I was feeling like nobody cared about me. Nobody cared about the baby. Here I was going through hell and someone wanted to make money off of it."

Carol said the agency was invaluable. The social worker helped her weigh the pros and cons of placement, what problems to expect if she kept the baby, what problems to expect if she didn't.

"We met on a weekly basis," Carol said. "I needed it. There really aren't many people you can talk to about this, you know. Especially after.

"I went back to work and met new people, but what can you do when you can't talk about it—how you feel sick inside and depressed. I mean you can't go up to people and say, "Sorry, I'm so depressed, but, you see, I just had a baby and gave it away for adoption.' I was depressed and I was angry and I was hostile.

"The agency was my only outlet. It gave me someone to talk to."

Carol knows that if she had gone to a lawyer, he or she probably would have been able to give her more money and material help than did Lutheran Children Services.

"All someone like a lawyer can do," Carol said, "is relieve my physical problems. But he's not helping with my emotional problems like the agency did."

Judy Bemis, a social worker at Lutheran Children Services, acknowledged the agency can't compete materially with the independent adoption process.

"We have a $12,000 yearly budget for medical expenses," she said. "We are in a real crunch. We probably see 180 pregnant women a year, and we can't begin to pay all their hospital and medical expenses.

"We have arranged special deals with a couple of hospitals and get special rates, but we can't promise to pay for everything."

The agency also sometimes make arrangements with families, mostly on the North Shore, who will let a girl stay during her pregnancy if she has to get out of her own home. The girls do some household chores and baby-sitting in exchange for room, board and $20 to $25 a week spending money.

Girls in need of more supervision are sent to Booth Memorial Hospital, which has a clean and regulated dormitory.

If she had it to do over again, Carol said, she still would choose the agency over the lawyer who offered her $8,000.

"I have peace of mind," she said, "and that's what I needed."

ILLINOIS SENATE APPROVES ADOPTION PROBE

SPRINGFIELD, ILL.—The Illinois Senate Thursday adopted a resolution, sponsored by Sen. Richard M. Daley (D-Chicago), calling for an investigation of alleged abuses behind adopting babies in Illinois.

The action was taken while The Sun-Times published a series of stories disclosing irregular adoption procedures by some Chicago lawyers and doctors.

Daley's resolution specifies that a special Senate panel investigate The Sun-Times dis-

closures and report back in the fall session of the Senate.

[From the Chicago Sun-Times, June 19, 1976]

SENATE ADOPTION PROBERS PROMISED FULL-SCALE HELP

(By Pam Zekman and Bob Olmstead)

Sen. Richard M. Daley (D-Chicago) said Friday that a special Illinois Senate panel on adoption abuses will hire a full-time staff of investigators and consultants to help revamp Illinois adoption laws.

He said the investigative unit has been promised all the money and staff it needs to get the job done. "I talked to (Senate President Cecil M.) Partee (D-Chicago) yesterday," he said, "and he said we'll get as much money as we need."

The Senate adopted a resolution Thursday calling for Daley, chairman of the Judiciary Committee, to appoint a special subcommittee to investigate allegations of adoption abuses in a continuing series of stories in The Sun-Times.

Daley said the subcommittee will hold public hearings in August in Springfield and Chicago and hopes to have suggestions for new laws by the fall term.

"Truthfully," said Daley, "I don't think anyone realized the profit in this thing."

Daley said the investigators will work closely with the Department of Children and Family Services, Circuit Court Judge Harry G. Comerford, the Chicago and Illinois Bar Associations, the medical profession, social workers and private agencies.

"We will bring in everyone who has something to contribute," he said. "At the end we will try to come out with specific recommendations and changes in the law.

"We will try to be very careful not to hurt people—many are afraid to talk about it."

Daley said he had talked with Comerford, one of the two adoption judges in Cook County Circuit Court, and found him "very co-operative."

"I think very few people know about the entire adoption process, and people don't know there are abuses," Daley said.

"The sad thing is that when someone wants to adopt a child, they will succumb to any pressures that are made. Many of them will pay exorbitant prices for them."

The Sun-Times series, which began Sunday, has related how reporters posed as adoptive parents and were told they could adopt babies for prices as high as $10,000 and $14,000.

The reporters also found that some lawyers are methodically recruiting babies and keeping lists of hopeful couples, in violation of state law against baby-placing by anyone but licensed adoption agencies. The violation is classed as a misdemeanor.

In addition, Illinois law that prohibits paying an intermediary anything but "reasonable" fees for adoption cases is being challenged as unconstitutionally vague. That challenge will be heard Tuesday by the Illinois Supreme Court.

The Sun-Times investigative reporters were forced to impersonate unwed mothers and adoptive couples because there is virtually no other way to uncover adoption abuses. Adoption records have traditionally been sealed by court order to protect the privacy of the participants. And parties to black-market deals have been understandably reluctant to talk.

Especially reluctant have been the adoptive parents, who fear their baby may be taken away from them.

Atty. Gen. William J. Scott and State's Atty. Bernard Carey have also announced a co-operative investigation into adoptions. They, too, have promised to try to protect adoptive parents who come forward to talk.

Adoption authorities reached by The Sun-Times have explained that the price of adoptable babies has zoomed in the last five years as legalized abortions and the new willingness of unwed mothers to keep their babies have sharply reduced the supply.

A minority of abortion counseling centers have emerged as a new source of black-market babies supplied by women who can't have or object to abortions.

The reporters' investigation also has found that interstate and international traffic in black-market babies is even more flagrant than the local market. Child welfare experts say an absence of federal law regulating interstate adoptions and inability of local authorities to investigate and prosecute the interstate deals make the difference.

[From the Sunday Sun-Times, June 20, 1976]

A BABY VIA HOTLINE CONNECTION

(By Pam Zekman and Bob Olmstead)

It was both funny and horrifying.

Sun-Times reporter Pam Zekman, posing as an unwed mother-to-be, telephoned the number in a newspaper ad that said "Abortion Info Hotline, 787-3567," and offered her future baby for adoption.

Within days, the agency promised her baby to Sun-Times reporter Carolyn Toll, who posed as a childless woman married eight years.

As far as either could tell, Toll was chosen as the worthy parent simply because she was the first to come along and ask—this at a time when hundreds of Illinois adoptive couples wait up to four years for a baby and others are rejected altogether after careful investigation by licensed adoption agencies.

By any definition, it appeared that "Abortion Info Hotline" was breaking Illinois law by operating as an unlicensed adoption agency, promising a baby after an investigation that could only be called laughable.

Here are their stories:

ZEKMAN

I am Margaret Daniels, a 25-year-old professional ice skater, 12 weeks pregnant. I don't want an abortion. When I call "Abortion Info Hotline," I am told to come in the next day, a Saturday, and talk to "Liz" in the IBM Building, Room 2923.

The offices are plushly done—bold print wallpaper, white shag carpet with lots of plants and a big glass-topped desk. Liz is tall, slim and attractive, gliding around like a model in a print silk blouse, suede leather skirt and long bouffant hair. On her desk is a copy of a book on how to sell and make money, and lots of hotline messages.

She tells me about a home she heard about in Winnetka where I would have to work. Then she tells me about arrangements that could be made at Booth Memorial Hospital. In both instances my medical and hospital expenses would be paid.

I explain that I would prefer not to work and that I wondered if I can have an idea about what kind of people are getting the baby.

"Well, we could arrange to find adoptive parents for you," she tells me. She picks up the phone and calls her attorney, Bruce Richards, who tells her to get some basic information and note any questions she can't answer. The information consists only of this:

My name, address, phone number, birthdate, when I am expecting, and do I live with my parents. Period.

"Now," she says, "you would like to go to a hospital out of the city?"

I say I wouldn't mind, because my folks don't know.

"Well, we can arrange that. . . . We can arrange almost anything you want. I don't want to fill your head with pipedreams, but just tell me what you want—Hawaii, California, Florida—what do you want?"

When I ask if I can have living expenses, she says, "Sure. We should be able to arrange that. After all, you are giving away something, aren't you? You don't want to work, do you? Why should you? Actually, you are giving them something, aren't you? Why shouldn't you get your expenses?"

She says she will get some answers and get back to me.

But when I call her five days later, the possibilities of Hawaii, California or Florida have shrunk drastically. "We have a very nice place we'll be able to get for you in Wilmette or Winnetka," she says. "Lovely hospitals . . . the best care."

Eleven days after my visit, she still has no word on who will get my baby. "I am dealing with the parents right now. I've talked to two of them, but I have nothing to tell you right now."

TOLL

I am Carolyn Muchnik, age 33, married to a real-estate broker for eight years, no children, live in Park Forest. I call Abortion Info Hotline, 787-3567, and begin hesitantly, "It may be a long shot, but I wondered if girls too pregnant to abort might be known to you . . ."

I never get to finish my sentence because the woman on the other end interrupts me excitedly with: "We've got one."

"Excuse me?"

"We've got a baby right now. A girl just called us who wants to give her baby up. But she wants a lot of money. She wants to go out of town to do it all very privately because she's very embarrassed about the whole thing."

Barely taking a breath, she continues: "She's a professional ice skater, white, 25, a very responsible person who inadvertently got pregnant. Someone gave her the idea that an adoptive family would be able to help her financially, so she'll be wanting a lot of money. When do you want to come in?"

My head was spinning, it was all so fast. I made an appointment for the next day.

When we met, Liz was in a stunning outfit—white pants, black boots, leather belt and a blouse with a very low V-neck showing bits of navy blue bra. She sat down at her desk, pulled out a filled-in application form, placed it dramatically in front of her and said: "This is the baby!"

Then she placed a blank application form on top of it, gave me a congratulatory smile and said: "And this is the mother!"

The placement, apparently, was made.

For the record, she took my name, age, husband's name, his age, our address, husband's occupation, whether we had children or could have children. We want to adopt a newborn. We are Jewish and will take any white baby.

I ask her for a ballpark figure of what this is going to cost, and she says, "Oh, several thousand. There's the hospital, medical, lawyer's fees, and then something to keep her from getting depressed—at least until after the sixth month when it's too late to have an abortion."

She tells me this pregnant ice skater is very concerned about getting her baby into a white, middle-class, Protestant home.

I say, "Oh, we're Jewish, is that a problem?"

She says she'll find out, and offers me a cigaret. When I refuse, she asks, "Do you smoke?" I say no, and neither does my husband.

She writes furiously on a notepad and says, "Oh, any information we can get is useful."

It is as close as she ever got to asking one medical question about myself or my husband.

ZEKMAN—SAME DAY

I return a call to Liz, and as soon as I identify myself, she says breathlessly, "Oh, good. Are you Jewish?"

"No."

"Do you smoke?"

"I . . . Well, I . . . No, but I used to smoke . . . Why do you ask?"

"Because I have interviewed three couples

and all three want answers to those questions," says Liz. "I don't know why, but they all do . . . Funny, the couples that can afford this thing are all Jewish."

"Well," I say in a brilliant afterthought, "the father's Jewish."

"Oh, that's terrific. Good. You don't mind if the child goes in a Jewish home, do you?"

TOLL

I get a call from Liz, who says, "I didn't get the lawyer, but I did talk to Margaret Daniels . . . Oops. Youre not supposed to know that. I'm not supposed to tell you her name. Anyway, she's Lutheran. The father's Jewish. She doesn't smoke."

ZEKMAN

I keep an appointment with Liz's attorney, Bruce Richards, 1 N. LaSalle, who spends 45 minutes with me, doing a conscientious job of pointing out my options, such as an abortion or going through an adoption agency.

He informs me unequivocally that it is "illegal and unethical for attorneys to solicit cases . . . This is a very funny business, very touchy . . . All I am is an intermediary. This is a friend of yours that you want to place this baby with, and I am just doing the legal work."

When I tell him that I do not know the adoptive couple, he answers, "Well, the point is, I did not solicit you."

I get the impression Richards is suspicious about my pregnancy. "When are you going to drop?" he says, and I stammer in embarrassment as I gather he is asking when the baby will be born. Richards has me stand up and observes that I am not showing, even though I am three months pregnant.

Throughout the interview, he reports over and over that it is illegal for attorneys to make a placement, that in this case he has not made the placement, that I and the adoptive parents were all matched up before we walked in the door.

However, he has no qualms about my receiving living expenses, and gives no hint how he will handle that illegal payment in the affidavit listing expenses paid by the adoptive couple.

He chuckles as he confides that once he had an associate who dealt in black-market babies "and a very sweet-looking reporter like yourself came to see him and pretended to be pregnant and the next thing he knew he was in the headlines."

* * * * *

That was so far as it went. Reporter Toll never adopted reporter Zekman's baby, although if it had been for real there apparently was nothing to prevent the baby from being handed to the first person who came along and asked.

There would have been a home visit by a court social worker after the baby was in its new home, but adoption observers say that such inspections are perfunctory and that tentative adoptions are rarely reversed by the courts.

Carl Amadio, the Department of Children and Family Services' adoption co-ordinator for Cook County, commented:

"It's so sad, you know. There is so much destructive stuff going on. The laws are just no good when you consider that somebody can't cut somebody's hair without a license, but we're allowing nincompoops to determine three sets of lives.

"It's one of those crimes against children that no one cares about."

[From the Chicago Sun-Times, June 22, 1976]

AN INSIDE VIEW OF A PROSECUTED BLACK-MARKET BABY ADOPTION RING

(By Pam Zekman and Bob Olmstead)

The tape-recorded voice on the telephone-answering machine identified the caller as Rosemary. Rosemary left this message:

"I just went to see Dr. Taris. He said I am fertile on the 8th, 9th, 10th and 11th. Get someone for me. I want to do it this month."

The message was found by Los Angeles investigators during the only known successful prosecution of an interstate baby-selling ring, a ring headed by one Ronald Silverton, a disbarred lawyer. The evidence turned up gives a fascinating glimpse into the way one large-scale baby market worked.

Silverton's operation was wide open. What Silverton and his associates lacked in discretion they made up for in flamboyance and imagination, said Richard Alan Moss, the Los Angeles County deputy district attorney who won the conviction.

Silverton's agency, called the Save-A-Life Adoption Service, placed gaudy ads in newspapers. His agents passed out brochures offering women money to become pregnant and give the babies out for adoption. They also cruised Sunset Blvd., stopping pregnant women and asking them if they were married and if they wanted money for their babies.

Despite the flagrancy, Los Angeles authorities didn't discover Silverton's game on their own. They were tipped off by a Utah judge who complained to them that Silverton had approached an unwed mother in Utah and proposed selling her baby to a Los Angeles couple.

"We investigated this case for 10 months," Moss said, "and then we were piecing it together even after they were indicted and during the trial.

"Operating this way (between states) makes it a mess to put a case together. There is no federal law or California law making it a violation to get a fee for placing a child," Moss said. He had to dredge up an old anti-slavery statute to prosecute the case.

"Distance, divergent jurisdictions, fictitious residences, questionable affidavits, all make it difficult," he said. That, coupled with the fear and reluctance of adoptive couples to co-operate with us and the absence of federal regulation and the legal loopholes. . . . Well, all that together permits an environment in which this activity flourishes."

Moss said Silverton started out placing colorful ads that pictured airplanes and swaying palm trees and gave this message: "Don't have that abortion. Have your child and a Caribbean vacation at the same time. All expenses paid, plus $5 per hour for light work suitable for pregnancy."

At first the women were promised the vacation and $3,000, but no one actually got it. To keep costs down and profits up, Silverton afterward offered only $1,000.

The ring charged $10,000 per baby, at which rate Silverton, who also was a certified public accountant, estimated they could make $3.3 million the first two years. Later, the cost to the adoptive couple went up to nearly $15,000.

Silverton also approached obstetricians and offered them $250 to $500 for each referral of an unwed mother, plus, of course, the medical fees.

He also lined up tipsters in welfare offices, abortion clinics and birth-control associations in nearly every state, Moss said. The kickback was to be $500 to $1,000 for every baby. Silverton was so convinced that everyone in abortion counseling was motivated by greed that he got into a ludicrous misunderstanding with Jane Pendergast, a figure in the antiabortion Right to Life League.

She rebuffed his offer of money for each referral of a pregnant woman by saying, "I'm not interested in money, I'm interested in babies." So Silverton, thinking she too wanted to sell babies, offered her one free baby for every five referrals of pregnant women.

Silverton's contracts even extended to a half-dozen foreign countries, Moss said.

Investigators found a carbon copy of a Silverton letter to a Yugoslavian woman promising her 2,000 dinars ($117) to get pregnant, free passage to another country where she would give birth, 24,000 dinars ($1,412) for the baby and free passage back to Yugoslavia.

And the offers of money for baby-making were not just fantasy. Investigators who checked into the Rosemary tape-recording found a note in Silverton's handwriting that said, "Rosemary is fertile 8th, 9th, 10th and 11th." They also found medical records that showed that a woman named Rosemary did indeed visit Dr. Taris and told him she was unemployed, didn't have a boy friend and wanted to get pregnant.

She had her IUD removed and had a baby nine months two days later.

Taris' records also showed that Rosemary said she was staying at the home of Wayman Wilkes, vice president of Save-A-Life and a chiropractor who had lost his license.

Wilkes, incidentally, testified at the trial that he was involved in Save-A-Life because he did not believe in abortions. The prosecutors thought this curious, since Wilkes had lost his chiropractor's license for performing an illegal abortion.

The case against Silverton, Wilkes and three others involved the attempted sale of the baby in Utah and three actual sales, all interstate. Moss said the three sales involved:

A baby from Los Angeles to a New Jersey couple. The couple's lawyer was Joseph Spencer, a nationally known baby broker from New York, who received $2,500 of the $10,000 sale price, Moss said.

A Los Angeles baby to a couple in Nassau County, New York, contrary to both California and New York laws.

A pregnant Canadian woman who was transported to Boston, where she gave birth to a baby sold to a Boston couple.

Silverton was convicted last July and was given a one-year sentence, which he is appealing.

Wilkes and the three others were convicted of making unauthorized baby placements, and were given lesser sentnces.

HOW BABY MARKETEERS UTILIZE THE YELLOW PAGES

(By Pam Zekman and Bob Olmstead)

Pregnant and unwed?

A home for your unborn baby is no farther than the Yellow Pages.

The competition for scarce adoptable babies has become so intense, a Sun-Times investigation shows, that out-of-state baby seekers advertise discreetly but widely in business telephone directories in dozens of cities.

They can be found under "Birth Control Information Centers" or "Clinics" in the Yellow Pages, where they thoughtfully provide toll-free numbers for customers to call.

Most of the clinics' business, of course, comes from women seeking abortions—either in their home states or, if they are more than three months pregnant, in a state with controls less strict than their own.

And, it must be said, the overwhelming majority of abortion counselors and clinics contacted by the Sun-Times did not appear to dabble in adoptions. They either told reporters, who posed as unwed mothers, that they had no special knowledge about adoptions or referred them to conventional agencies.

A popular state for abortion clinics that do act as conduits for adoptable babies, reporters found, is Pennsylvania, where adoption laws are vague to nonexistent.

One such center was the Abortion Assistance Assn., Havertown, Pa., which, a random check revealed, was listed in the Yellow Pages in Chicago and at least 17 other cities in 10 other states. When reporter Pam Zekman, posing as an unwed mother, called the toll-free number, she was instructed to telephone their "legal department," Philadelphia lawyer Allen Newman, at 10 that night.

He told her he could arrange to pay her medical expenses and could put her up in an apartment, probably in New York. He be-

came irritated when she asked why in New York, inasmuch as she was in Chicago and he was in Philadelphia.

"Look, the geography doesn't mean anything," he said. "Why should it mean anything to you? . . . You are in Chicago. I am in Philadelphia. So what?"

He also told her the adoptive parents could come from "anywhere in the country."

Later, a reporter posing as a woman who wanted to adopt a baby phoned Newman and told him a friend had given her his name.

"Yeah," he laughed, "I have a national reputation." He also told her he had very few babies and many adoptive couples these days and that if a baby became available it could cost as much as $5,000.

Authorities and Judges in the adoption field in Philadelphia told reporters and elements of the Yellow Pages deal smacked of black market.

Joseph H. Reid, executive director of the Child Welfare League of America, commented:

"Black marketers tend to operate in states where the supply of children is good and also where intermediaries are allowed to function."

Even if both states involved have strict laws, he said, it is easier to escape prosecution in an interstate deal, where some or all of those involved leave the state afterward.

"I personally believe we need a federal law that would enable the federal government to step into those situations in which it is not possible for the states to control the traffic," Reid said.

[From the Chicago Sun Times, June 23, 1976]

MEXICAN ADOPTION PITFALLS BARED

(By Pam Zekman and Bob Olmstead)

To anxious couples who have failed to adopt a child through conventional channels, the idea of picking up a baby in Mexico can sound like a lark—a foreign vacation combined with the realization of their dreams. But the experience of three couples who have gone the Mexican route indicates it can be a harrowing, Kafkaesque tangle of red tape unless your contacts are reliable. Some couples live for years with the fear their babies will be taken away because they or their agents—even unknowingly—broke the law.

Because of this fear, the names of the following couples and some details of their stories have been changed to conceal their identities. Mr. and Mrs. Adams were charged $4,750 for their adoption, and they spent another $1,000 in living expenses when red tape stretched their Mexico stay into two weeks. When word came that the baby was born and available, they wanted to leave Chicago for Mexico City immediately. But their lawyer said there was some legal work to do first, and then it would be smooth sailing. "There were all kinds of incredible delays," said Mrs. Adams. "Our baby was 6 months old before we could actually go down and get him.

"Once down there, the Mexican judge gave us trouble; he wouldn't sign the order. We were told it was political. Finally, we went to another judge and he got the order.

"Then there was a problem with the police. The operator of the orphanage wanted everything done properly and had notified police officials, and one of them wouldn't approve the adoption. But finally we got the thing through without him.

"I didn't think we'd get the baby out of the country. To tell the truth, I was scared the whole time that we would be stopped somewhere along the line.

"To this day, we haven't gotten the medical history of the mother and child. First they told us they had it in Spanish and couldn't translate it. Finally they sent us one paragraph, which wasn't much help."

The Adams' experience was mild compared with what happened to the Bennetts. The Bennett's, too, had to wait until their baby was nearly 6 months old before they could leave Chicago to pick him up, something they fear was harmful to the child.

"What we first noticed about him was that he would shake his head from side to side like he was trying to see," said Bennett. "I had read this magazine article about a study done on monkeys taken away from their mothers after birth. They shook their heads from side to side like they were trying to find their mothers, just like our baby.

"So we picked him up and took him out of the clinic. We got some baby formula and went to our hotel room. We were so thrilled we broke out some champagne to toast the baby.

"The next day we tried to pick up the papers for the baby's passport, and that's when the trouble started.

"First we had to get the baby's health checked. At last, some doctor listened to his heart and let him through.

"Then we had to go to the American Embassy to get his papers, and were directed to a Mrs. Lopez. Mrs. Lopez kept calling my son 'the orphan,' saying it was impossible for us to get our son into the United States. She kept repeating it was impossible.

"She said we had to be fingerprinted by the FBI and submit our tax returns for the past few years. She said we had to have a study done of our home, even though we already had a very thorough one.

"She said we could go home and wait, or stay in Mexico City, but all this would take 30 to 60 days. She told us they didn't know if we were suitable parents.

"All this with the baby in my wife's arms.

"Finally, she directed us to the visa section, where there were 400 people waiting in line. We stood in line with our baby for two hours.

"When we finally got to the front of the line, we were told there was no way to get the child out."

That night, the Bennetts managed to arrange an interview the next day with the American vice counsel. Again they went back to the embassy with the baby in their arms.

"We waited six hours for this 10-minute interview," said Bennett. "And we walked out of that meeting with nothing accomplished. He told us absolutely not. There was nothing that could be done.

"How did I feel? Oh my God, how would you feel? This is all happening in one week. We're away from home—rather in the American Embassy, our home away from home—and we're getting the bureaucratic fish in the face.

"We met with several other embassy people, and they finally said there was only one department that could help us and that was immigration and naturalization. That was back to Mrs. Lopez.

"We went back to the hotel thoroughly dejected and convinced there was more at play here than normal bureaucracy. We thought they were all crooks.

"Finally, we put down on paper an account * * *."

STATE COURT WEIGHS RULING PITFALLS BARED IN SEEKING MEXICAN ADOPTIONS

(By G. Robert Hillman)

SPRINGFIELD, Ill.—Attorneys argued before the Illinois Supreme Court Tuesday the constitutionality of the state's law intended to ban the brokering of babies for adoption.

The case, taken under advisement by the seven high court justices, centers on charges filed Sept. 4, 1974, in Cook County against Chicago attorney Spencer Schwartz for allegedly illegally requesting a $6,500 fee for arranging the adoption of a newborn baby.

Schwartz, according to the criminal complaints, received $500 as a down payment for his services.

The case was thrown out Jan. 27, 1975, by Cook County Circuit Court Judge George Dolezal, who ruled unconstitutional the law under which Schwartz was charged. The state, through Illinois Atty. Gen. William J. Scott and State's Atty. Bernard Carey, appealed the case directly to the Supreme Court.

Scott and Carey are also conducting a joint investigation into adoption abuses reported in Sun-Times stories that began June 13. The stories have detailed instances of lawyers who quoted fees of $10,000 to $14,000 for adoptable babies and who systematically acted as adoption agencies even, though they had no such agency license.

Under the statute in question, no one may receive a fee or other compensation for "placing out" a child for adoption or care. Judge Dolezal had ruled the law was "vague, indefinite and uncertain."

Dom J. Rizzi, arguing for Schwartz before the court urged it to uphold Dolezal's decision . . .

"The embassy closes at 5 p.m. At 5:30 we got a call from Mrs. Lopez, who said she hadn't realized we had a sick mother-in-law back in the States. (The Bennetts had never mentioned such a thing.) All of a sudden, what was going to take 60 days now could be done in one day.

"We got the approval the next day and at 3 p.m. were on a plane out."

The Bennetts still wonder what caused the abrupt turn-around and wonder if they were involved in anything illegal. The experience has left them with wild memories and illogical fears.

"By the time we got through with it," said Bennett, "we felt like fugitives. We feared for our lives. We felt like we had illegally smuggled a baby out of the country."

The Bennetts' fears won't stop until their baby becomes 3 years old, when he automatically becomes a U.S. citizen.

The third couple, the Carlsons, have more genuine fears, according to one adoption agency head. He described a couple who adopted a Mexican baby without contacting U.S. authorities.

"They came back across the (Mexican) border. . . . They just did it illegally. They just drove right across.

"It's risky, but border officials seldom look inside a baby bundle.

"This couple, well, they just said, 'Let someone come and try to get this baby away. It's our baby.'"

[From the Chicago Sun-Times, June 24, 1976]

LICENSED UNITS ALSO CRITICIZED ON ADOPTIONS

(By Pam Zekman and Bob Olmstead)

On May 28, a few seconds before 9 a.m. all three telephones in the Family Counseling Center Inc. in Grayslake began ringing. Scores of callers besides the first three were also dialing, getting busy signals, hanging up and dialing again.

Three employes answered the phones as quickly as they could and put the callers' names on a list. By 9:25 a.m., the list reached 25 names and was closed.

About 75 more callers were told: Sorry, too late, please try again when the list is reopened, tentatively at 9 a.m., Sept. 7.

A radio disk jockey's contest? The sign-up list for the Park District's McClurg tennis court?

No, the bizarre scene is only one of the desperate methods used by licensed adoption agencies in the Chicago area to sift through the approximately 200 couples who compete for each healthy, white, available baby.

The lucky 25 on the Grayslake list weren't even assured of a baby; they merely qualified for further consideration.

Or how about a lottery, the methods used by the Bensenville Home Society? (The society prefers to call it "the random selection method.")

Every three months, the agency puts into a box the names of 100 or so couples who have attended orientation meetings. Depending on the number of babies available, the names of about five couples are drawn out for consideration. The other 95 are disqualified from applying again for another year.

One woman, who asked that her name not be used, was one of those who called the Grayslake agency shortly after 9 a.m. on the designated day some time ago and was told she was too late.

"The next time we called we got it down to a system. My husband and I both used different phones and we kept calling and finally one of us got through at five minutes after 9. I couldn't believe it," she said.

"Then they put us through five hours of testing and we had to have several counseling meetings. We had to pay a $700 deposit and then they told us it would be a wait until January. In January, they had run out of babies and they said it would be another six months."

The stories illustrate that even though it's the independent adoptions that draw much of the criticism, all is not well with licensed agency adoptions, either.

One of the agencies' critics is Donna Cullom, founder and president of Yesterday's Children, a national organization made up of 3,000 adult adopted children.

"Before they blast attorneys and doctors off the map, agencies must rectify their own mistakes," she said, adding that she sees little difference in the quality of the job done by either licensed agencies or private lawyers.

"There can be good social workers and bad social workers," she said. "A good social worker could work for a lousy agency and vice versa. And a lawyer (in a private adoption) may be interested and kind.

"It is our feeling that the entire field of adoption is bad. The placement of children is bad. They go out and check the parents once. How do they know from one home study that the home is good?"

Mrs. Cullom also is convinced that some licensed agencies lie to adoptive parents about where the babies have come from.

She said she knows of two cases where the adoptive parents were told their babies came from girls of upper crust North Shore families.

When the children grew up, she said, they traced their parentage. One found the natural mother was a New York madam and the other found the mother had been arrested 19 times for prostitution.

Another frequent criticism of agencies is that they arbitrarily "play God" in deciding which couples get children. In the process, it is charged, some social workers mercilessly delve into all areas of the couple's lives, including their sex lives.

Kathy Sreedhar, a Washington representative of the Council of Adoptable Children, is another who criticizes adoption agencies.

"Every few years," she said, "some senator or congressman decides he is going to submit a bill to outlaw independent adoptions. What happens is people print horror stories and don't tell the whole issue. Then a bill gets introduced and never passes."

At present, she said, the Senate's Mondale committee, which is drafting federal adoption laws, is also not persuaded that independent adoption agents are the only villains.

Ms. Sreedhar said the committee, for which she was a consultant, concluded that the primary evil is making money on adoptions, whether it is done by a lawyer or a licensed agency.

LICENSED ADOPTION AGENCIES ALSO REAP SEVERE CRITICISM

Roger Derstein, a lawyer with the Legal Aid Society, recalled a case he said illustrates how agencies resort to desperate tactics to keep control over potentially adoptable children.

The case involved three children abandoned by their natural mother and made wards of the Department of Children and Family Services, which placed them in the temporary custody of the Lake Bluff Homes for Children. That agency in turn placed the children in temporary separate foster homes, pending adoption by the foster parents.

When the Alabama relatives of the children heard about their abandonment, Derstein said, they asked Legal Aid to help get the children back.

Alabama child welfare authorities found the relatives would be fit substitute parents, but the Lake Bluff agency argued they were "borderline" because they lacked college educations and wealth, he said.

When Lake Bluff's records were subpenaed by the court, Derstein said, they showed the agency had been pressuring the natural mother to sign the children over to the agency at the same time it was telling the court it was "working with" the mother because she had asked for the children back.

Derstein said the subpenaed records also showed that Lake Bluff had kept the children under unnecessary "therapy" in order to persuade the court they needed Lake Bluff's continued care.

He said the records also showed the agency's representatives had lied to the court, falsely stating that the children never asked about their Alabama relatives and that they had protested the possibility they might be returned to relatives.

The reason for all this, charged John Shullenberger, another Legal Aid attorney, was that the Lake Bluff agency had promised the foster parents they could eventually adopt the children.

Shullenberger said the case was unusual only because Legal Aid was successful in subpenaing the agency's usually secret records.

"The insulation of private agencies from the public view makes cases like this difficult," Shullenberger said.

"Agencies hid behind the confidentiality of Juvenile Court proceedings. The concept of confidentiality in such matters presumes the integrity and honesty of the agencies and people involved.

"Now with the tight baby market more children are in demand. That affects the agencies as well as any independent operator.

"Their intentions may be pure. There may be no money motive. But the abuses may be worse."

D. Coye Taggert, director of the Lake Bluff Homes, said the Legal Aid lawyers were "confused" and that "the court did not indict our agency or any workers."

Taggert said the mother didn't want her children returned to her Alabama in-laws because they drank too much. "The people in Alabama never showed any interest beyond writing a letter. Then they attempted to indict us to take the focus off the disinterest of the relatives in Alabama," he said.

Although the judge eventually placed the children with an Alabama aunt and uncle, Taggert said, "our decision to get out of it was based on the feeling that these things can drag on for years and that in the interest of the children it was better not to."

[From the Chicago Sun-Times, June 21, 1976]

HAVE-ADOPTION, WILL-TRAVEL OPERATION

(By Pam Zekman)

Stanley B. Michelman, a boyish New York City lawyer, relaxed in his room in the Hyatt Regency Chicago and enthusiastically told me how he had got into the have-adoption, will-travel business.

"It formally began five years ago, on Oct. 23. I'll never forget the date. My wife gave birth to our first child, and there I am at the hospital waiting for her to deliver while this girl I am supposed to be meeting is landing at the airport."

The girl he referred to was a pregnant woman he was importing from Germany to give birth in New York to supply a baby for one of his clients.

"I sent a friend out there and paced the floor of the delivery room, looking at my watch, wondering if he made it. When my wife delivered, as soon as I knew she was safe, I rushed to the airport, but I couldn't find them.

"It's been like that ever since. I am rushing around and around taking care of these things. I love it. Why, there are people I am supposed to be seeing right now in New York, but here I am.

"I never unpack my suitcase. I am here today, gone tomorrow. I have to be there when the baby is delivered and I am everywhere."

Michelman is one of the new breed of adoption entrepreneurs who operate nationally with babies supplied by tipsters in many of the nation's abortion clinics who steer his way women who balk at abortions. Many of these women are flown by Michelman to New York City, where he puts them up in apartments until the babies are born.

The national operations are thriving, child-welfare officials say, because there is an absence of federal regulation because hopscotching pregnant women from one state to another can circumvent with tough adoption laws, and because even a well-regulated state can't keep tabs on a deal where the participants go home afterward to another state.

New York state court spokesmen told The Sun-Times that Michelman's operation appears to conflict with New York law that prohibits anyone but a licensed agency from placing an adopted child. They also said the law prohibits paying the unwed mother anything more than "reasonable and necessary expenses."

Michelman was in Chicago talking so freely to me because he wanted to impress upon me that I was in good hands if I, "Patricia O'Malley," unwed and pregnant, let him put me up in New York and sign away my baby.

Behind him on a bed in Room 2708 sat Cindy and Jean (not their real names), two Chicago girls who said they had babies for Michelman in New York City last November and December, respectively.

"There's so much to do you just can't do it all," bubbled Cindy, who said they lived just off Times Square on 62d St. "We had a fabulous time. I want to go back."

Cindy was particularly pleased with the money arrangement. "It's so great. See, you get a certain amount on food. And then you get your allowance to take care of yourself. I used to even skimp on food, and then with my allowance I could go out and buy some things for myself. I loved it."

In phone conversations, Michelman had told me that besides living expenses and the best in medical care, I would get $30 a week in pocket money.

I was introduced to Michelman through answering an ad in The Sun-Times for "Abortion Counseling, to 24 weeks, immediate, private, confidential . . . American Women's Center."

I was genuinely scared as I climbed the stairs at 6770 N. Lincoln and entered Room 201, where "American Women's Center" is on the door. It had that spare clinic look, with a step-by-step wall poster showing how an abortion is performed and a giant drawing of a uterus.

I told Bob Schell, a counselor, that I was a 22-year-old ice-skater who couldn't let a

baby interfere with a career, but that I was definitely opposed to an abortion.

Schell—soft-spoken, confident and understanding—discouraged me from pursuing an adoption through a public agency. "There are no assurances about the parents," he said, "and you will probably be sheltered in a boarding house situation with several hundred girls." And at delivery time, he said, "They frequently use County Hospital."

I wrinkled my nose.

"On the other hand, there are private adoptions," he said, where a girl gets the best and most considerate care. And it seems, he just happened to know a New York lawyer named Michelman who is familiar with such things. He could arrange for me to live in New York, or Florida, or wherever I wanted until after my delivery.

He put me on the telephone with Harvey J. Michelman, brother of Stanley and a partner in Michelman & Michelman, 250 W. 57th St., New York City, who reassured me: "We of course, will take care of everything."

"We do this all the time," he said. "We have represented people in 200 or more adoptions and we know what it is all about."

When I hung up after talking to Michelman, Schell re-entered the room with a form for me to sign. It was on the letterhead of the New York law firm of Michelman & Michelman. I read the two pages of legal jargon and gradually realized I was being asked to sign a statement promising that if I did not turn over the child in my womb, I would repay every cent spent on me.

Even though I was not pregnant—or perhaps because I was not—I hesitated. What could they do to me if I failed to turn over my firstborn? But I signed.

(Later, lawyers whom I consulted laughed at such a document. They said it is nothing more than a meaningless device designed to scare the gullible into staying in line.)

Then another counselor took my picture with a Polaroid camera so that the prospective parents would know what kind of baby they could expect. Somehow, I felt like a breeding animal that had just been sized up, bought and cataloged.

In ensuing phone calls, however, Stanley Michelman worked hard to put me at ease. He always sounded cheerful, genuinely concerned about me ("Hi Patty. How are you?") and able to solve all my problems.

He said he had four apartments available in New York, including "a fantastic place for you to stay . . . a two-bedroom luxury apartment on the East Side of Manhattan."

He said, I could come any time, as long as I gave him a little notice so he could arrange for me to stay with a suitable roommate, probably in a "luxury apartment" with another pregnant girl from North Carolina.

When I finally phoned Michelman as a reporter, he was less friendly and cheerful, and more businesslike.

Asked how he reconciled his operation with New York law that forbids anyone outside a licensed adoption agency from arranging placements, Michelman replied: "I represent various people in private adoptions. Each of my procedures is processed through the courts and is in strict accordance with the laws of the State of New York."

He said he asks every unwed mother, including "Patricia O'Malley," if there are particular people they want as parents. (He had.) Therefore every one had the chance to select the parents if they wanted.

On this point, New York Surrogate Court Judge Millard Middonick told The Sun-Times: "It is totally against New York law for anyone but the natural mother to choose the adoptive parents. The testimony I get is that these people have been introduced and know each other, or she had picked them."

Michelman denied he had ever told me or Cindy and Jean that pregnant women get up to $30 a week spending money over and above their food money. He also denied he had told me they had four apartments, but declined to say how many there are. He said every penny spent on the natural mother is reported to the court, including the rent for the $200-a-month apartments, air fare and food allowances.

New York Family Court Judge Nanette Dembitz, before whom Michelman said he practices, told The Sun-Times: "The principle is supposed to be that the biological mother is not supposed to be paid for the child. And anything that appears to be off the usual expenses appears to smack of paying for the child. If there were some item like renting an apartment for two months, it would be looked askance at here. I don't recall ever seeing that."

Michelman said that his law firm handles only about a dozen adoption cases a year (well under his brother's estimate of 200 cases in five years) and that his fee doesn't exceed $2,500, plus medical costs.

This jibed with the low end of Michelman's cost estimate given to a reporter who went to him posing as an adoptive parent. He told the woman an adoption would cost $4,000 to $7,500, including medical expenses. He also had her fill out a form that asked what was the highest amount she would be willing to pay.

Shad Polier, a New York lawyer who helped write the state's adoption law and who was recommended by the court as an expert in the field, told The Sun-Times that any legal fee for an adoption over $1,000 is suspect.

Polier also said he had personal knoweldge of what Michelman has sometimes asked in medical expenses. In one case, he said, Michelman asked a medical payment of $8,100 to cover not only delivery but psychiatric care and removal of varicose veins, which he claimed were pregnancy-related. The adoptive parents withdrew from the deal.

Michelman said he gets referrals from many abortion clinics, including the American Women's Center in Chicago. He said he made contact with the center through a mutual client. But Leonard Nelson, director of the American Women's Center, told The Sun-Times that Michelman was among several lawyers who had solicited referrals. "We are solicited all the time by lawyers who want us to refer them cases when a girl is interested in adoptions," he said.

Nelson declined to name any other lawyers to whom the center refers women and denied that the center steers pregnant women to any one adoption agency.

When it was pointed out that Schell, the center's guidance counselor, had certainly steered "Miss O'Malley" to Michelman, Nelson answered, "I was not here when Mr. Schell saw you, and I'm sure he was not aware of the circumstances then."

Asked if the center gets paid for referrals to Michelman, Nelson declined to comment. Similarly he had no comment on whether the center was doing unlicensed adoption work when it helped "Miss O'Malley" fill out an application blank for Michelman.

New York and Illinois are not the only states where Michelman has been reported operating with his unpacked suitcase.

Stanley R. Freeman, chief social worker for the Cuyahoga County (Cleveland) Probate Court, told The Sun-Times that Michelman on five occasions solicited babies from pregnant women in Ohio. Once, he said, Michelman and the adoptive parents showed up at the hospital and tried to take the baby away with them. Freeman said he told Michelman that this was illegal in Ohio and directed him to the courthouse.

"He left the hospital and made as if he was going to court," Freeman said, "but he didn't. He just turned around, went back to the hospital superintendent and reported that the court had changed its mind."

When the court got wind of this, Freeman said, it sent out a deputy sheriff who arrived shortly after Michelman's hasty departure without the baby.

Joseph H. Reid, executive director of the Child Welfare League of America Inc., said he has no doubt there is a growing national black market for babies. "And it is getting so bad that these people sometimes aren't afraid to operate in the open. We believe that most of the real hard-core black-market placements are across state lines. . . . We are concerned because black marketers have better access to unmarried mothers through abortion clinics."

HOW MIDDLEMAN INFLATES ADOPTION

The brazenness of the national black market in babies is perhaps best illustrated by Joseph Spencer, a New York lawyer who has been in adoptions for more than 25 years and who is known to adoption authorities from New York to California.

When Sun-Times reporter Pam Zekman phoned Spencer posing as a prospective adoptive parent, Spencer was eager to help although New York, like Illinois, bars unlicensed persons or agencies from placing a child.

"What kind of a child are you seeking?" he asked. "Do you want a white newborn infant or would you be interested in a (racially) mixed or a Korean child?

"Those are easier to get, you know. It is very difficult to get a healthy white newborn child now. . . .

"There was a time, before Florida closed out, when I could have shown you seven biographies of seven mothers and you could have had your pick of a baby that would be delivered soon. But since July they have passed a law in Florida that has made it very difficult to operate there."

He was equally frank when asked what a baby might cost.

"Here's what I can say: Most of the children come through other lawyers. They are like a middleman, you see. So besides the hospital costs and the living costs for the mother, there would be a finder's fee—which is called a legal fee—to the other lawyer for his services. Actually it is a finder's fee because he will help find us a baby, but we can't call it that.

"Now, an adoption that is handled in that manner—which yours would most likely be—could run as high as $14,000."

New York adoption judges and other authorities questioned by The Sun-Times said that adoption costs of $14,000 appeared exorbitant and that Spencer's operation appeared to break New York law against unlicensed adoption agencies.

When Spencer was called by reporter Zekman again, this time as a reporter, he declined to confirm his quoted price of $14,000 and was angry at what he called entrapment.

"I'm not a criminal," he said. "I've been practicing half a century. I don't want to be treated like a criminal with entrapment."

Later, he said his fee fluctuates. "Fourteen thousand dollars is a figure plucked out of the sky," he said. "There probably could be situations where the legal cost is $14,000."

SPECIAL RECOGNITION FOR PEACE CORPS VOLUNTEER

Mr. KENNEDY. Mr. President, one of my constituents, Miss Debbie Eldredge of North Falmouth, Mass., has received special recognition from ACTION for her activities as a Peace Corps volunteer in Colombia, South America.

Miss Eldredge has been working as a volunteer consultant on child development and education. She has seen both the effects of malnutrition and poverty,

and the results of the efforts of local community organizations.

Today, 194 Peace Corps trainees and volunteers are working in social service, education, business, agriculture, and health programs in Colombia. I feel sure that all of them have benefitted from their experiences.

The special kind of dedication shown by Miss Eldredge deserves commendation. I would hope that my colleagues join me in congratulating her.

I ask unanimous consent that ACTION's press release commending Miss Eldredge be printed in the RECORD.

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

PEACE CORPS VOLUNTEER FROM NORTH FALMOUTH ASSISTS PRE-SCHOOL EDUCATION IN COLOMBIA

BOGOTA, COLOMBIA.—As a volunteer education and child development consultant in Colombia, South America, Peace Corps volunteer Debbie Eldredge of North Falmouth, Mass., has seen how poverty and malnutrition affect young children. But she also has witnessed how the efforts of a local community organization are bringing about changes to improve the lives of the poor.

Miss Eldredge, 23, earned a bachelor's degree in child development from the University of Massachusetts, Amherst, in February, 1974. She worked for about five months as a volunteer remedial reading teacher, tutoring students with learning disabilities at North Falmouth Jr. High School before joining the Peace Corps in June, 1974.

Following three months of intensive training in Spanish at the Peace Corps training center in Bogota, she was assigned to the Corporación of the Sacred Family in Manizales, a beautiful mountainous city in the heart of Colombia's coffee-growing region.

"The corporación is a private organization set up by leading citizens to provide for children and mothers of low-income families," she explained. "They run 13 day care centers, serving about 550 children ages three to seven. For the children to enter, their mothers must be working or the family must have about eight children and a minimum of income."

The centers also offer classes for the mothers, she noted, in subjects such as home improvement, embroidery, knitting, cooking, sewing and pattern drafting.

As a pre-school consultant, Miss Eldredge tried to visit each center every two or three weeks. She supervised the teachers, set-up teacher training workshops and introduced materials development.

"I made an adaption of the Denver Development Test to check the children's physical and language development when they entered the schools and then after a year," she said. "I also did an analysis of the nutritional status of the children. Most were subnormal in weight or height for the average Colombian middle class child. The centers provide lunches to supplement their diets."

Miss Eldredge said that she became especially concerned about the small number of trained teachers and the lack of educational materials.

"In one day care center in an old church, there was one teacher with a sixth grade education for 80 children between the ages of three and six. There was a blackboard, but no chalk. There was no paper, no color on the walls and no outdoor play equipment. The children sat in rows and rows of benches, copying letters in their notebook.

"You could make recommendations until you were blue in the face," she continued. "There just was no money. I at least tried to provide the teachers with the basic necessities whether it was paper, crayons or scissors."

She asked a local newspaper to donate paper for the children to use, and some of the other teachers also got donations of supplies from local stores or businesses.

In August, 1975, the Peace Corps office in Bogota asked Miss Eldredge to assume the position of volunteer coordinator for the Peace Corps' education program in Colombia. Before she left Manizales, however, the Corporación of the Sacred Family received some good news.

"Things really began to pick up," she said. "They were able to get the state government to give them 10 trained teachers. The current teachers all became aides. Also, the Colombian agency for family welfare began to help out with additional services, money and a social worker."

Miss Eldredge's job as Peace Corps coordinator involved placing other education volunteers in schools and organizations and serving as an all-round program planner and problem solver. The administrative position also provided time for her to work on what she feels will be her most meaningful achievement as a volunteer—a handbook in Spanish on how to make teaching materials from local products.

"When I first went to Manizales, I would make a lot of materials and give them to the teachers," she said. "But I felt that in the long run this would not have much value. So I started to write a book about all the materials you need to teach pre-school and how to make them.

"In art, for example, I cover how to make fingerpaints, easels, brushes, books and even outdoor equipment.

"It's in Spanish and includes illustrations and measurements," she said with quiet pride. "I am just finishing it now."

The Peace Corps plans to print the 200-page handbook and the U.S. Agency for International Development has asked to publish the book, she said. The Colombian Ministry of Education also will utilize the book in its training program for rural pre-school teachers.

Miss Eldredge said she sees an important role for the Peace Corps in Colombia—providing teachers in special education and in child development. But she also feels that Colombia must maintain its own directions in pursuing its educational, social and economic development.

Miss Eldredge will be leaving Colombia this month, her Peace Corps service completed. In a personal sense, she has found many rewards in Columbia.

"I could live here and be perfectly happy," she commented. "Once you get to know the people, you find out how sincere and faithful they are.

"I think also that the Latin lack of time-consciousness has been good for me. It's helped to balance the 'hyperness' that Americans carry around. Where an American will run around like a chicken without his head, a Colombian will sit back and look things over.

"The American concept of Latins as being lazy is not true," she asserted. "But they will take time for self-reflection and to relax."

Miss Eldredge is the daughter of Mr. and Mrs. Stanley M. Eldredge Jr. of 229 Old Main Rd., North Falmouth. She graduated in 1970 from Mt. Vernon High School in Alexandria, Va. In 1969, she worked as a summer Head Start aide in Alexandria. In August, she plans to enter graduate school at the University of Texas in Austin in the field of bilingual education.

Miss Eldredge is one of about 194 Peace Corps volunteers and trainees now serving in Colombia in education, health, social service, agriculture, and business programs. Around the world, 6,220 volunteers and trainees are working in 69 developing countries.

The Peace Corps is part of ACTION, the federal agency for volunteer service established in July, 1971 to administer volunteer programs at home and overseas. Mike Balzano is the director of ACTION.

ACTION's domestic programs include Volunteers in Service to America (VISTA), Foster Grandparent Program, Retired Senior Volunteer Program (RSVP), Senior Companion Program and University Year for ACTION.

Persons interested in ACTION programs can call 800-424-8580 toll free for more information.

ALABAMA POLITICS, 1930–1955

Mr. SPARKMAN. Mr. President, I have just had the pleasure of reading one of the Franklin Lectures delivered at Auburn University by Mr. Charles G. Dobbins of Washington, and recently printed in the Alabama Historical Society Review.

Mr. Dobbins talks of his experiences during 25 years as Alabama writer and editor, and brings us the full flavor of Alabama politics during a lively and interesting period.

Mr. Dobbins has had a distinguished career as editor, historian and educator in Alabama and Washington. I ask unanimous consent that his lecture be printed in full in the RECORD.

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

ALABAMA GOVERNORS AND EDITORS, 1930–1955: A MEMOIR [1]

(By Charles G. Dobbins)

These notes, related in a modest way to the nation's Bicentennial Celebration, are based on experiences in the newspaper and political life of Alabama from 1930 to 1955. This was essentially the period between graduation in 1929 from Howard College (now Samford University), and my departure in 1956 for 17 years in Washington with the American Council on Education. What I have to say is very personal, without pretension as to reseach or scholarship. And with that disclaimer, I feel Scot-free to ramble!

In college I had learned something about student politics and even won an election, but my A.B. Degree reflected little knowledge of county, state, or national politics, or of the issues, money, and influence by which individuals are elected or defeated. Such innocence may reflect on higher education in those days, but more likely it was simply the naiveté of a preacher's son who had grown up in small Alabama towns like Orrville, Hurtsboro, Luverne, and Camden.

Yet the campus experience did provide a political introduction of sorts. Another student at Howard College was W. C. Davis, Jr., whose father was Alabama's Lieutenant-Governor. We students viewed Bill Davis with a certain awe not only for his high grades but also because his father, already an important state official, was regarded as the heavy favorite for election as governor in 1930. He was serving capably in the first administration of Governor Bibb Graves (1927–1931), and many assumed that as a candidate he would inherit much of the Graves following. I looked forward to having a friend who was the Governor's son!

But early in 1930 the scenario changed. A darkhorse entered the race from my home town, Camden, population about 1,000. Plans for casting my first vote for governor suddenly changed.

[1] Presented in the program of Franklin Lectures in Science and Humanities at Auburn University, October 13, 1975.

Circuit Judge Benjamin Meek Miller was a large man, of magnificent dignity. I saw him almost daily when I was home from college as he peered over rimless spectacles in the process of extracting mail from his post office box. He was friendly and always spoke, though in a surprisingly small voice for his size. Walking two short blocks back to his white frame antebellum office, he would have his face deep in the pages of the *Montgomery Advertiser* hardly aware of who or what might be in his way. Miller was a big property owner and proud of it. He told my father that a man could walk six miles in a straight line and never leave Miller land!

Camden people held Judge Miller in great respect and were excited by his announcement for governor, though at first skeptical about his chances. Well known and liked in the counties of his Black Belt district, Miller was not a major name in state politics while Lieutenant-Governor Davis was highly publicized and running hard.

But Miller knew his state and his time. Alabama was mired in the Great Depression. People were jobless, hungry, losing their homes. The state was heavily in debt to its institutions and even to its people. With his major opponent a member of the free-spending Graves administration, Miller pounded his strict economy gospel, speech after speech. A lesser theme—dear to his heart—was prohibition. I heard him more than once wagging a schoolmaster's admonishing finger and quoting from Proverbs almost in a whisper, "Wine is a mocker, and strong drink is raging; and whosoever is deceived thereby is not wise."

There were other issues, one of them the Ku Klux Klan. The Klan had ridden high in the 1920s and the Graves administration was Klan tainted. But by 1930 the secret order had passed its peak of influence and Miller stood uncompromised.

The Klan issue held a special significance for me. As a high school student in Luverne (1923–1925), I had watched the hooded men parade in the streets and at the ballpark as their leaders, to the light of flaming torches, poured out hatred for Jews, Blacks, and Catholics. They would march into church and deposit gifts at the altar. At last my father could no longer endure the shame of it even though he knew Klansmen were in his congregation. When he denounced the Klan one Sunday from the pulpit, two deacons left their pews. The church was badly split. My father resigned his pastorate in 1925 and went to the Camden Baptist Church where our family was well received. The Klan did not flourish in Wilcox or in several other Black Belt counties. The reason, I have always believed, was the influence of first-rate men like Benjamin Meek Miller.

Miller was a 20th Century carry-over from Alabama pioneer days. His father came from South Carolina in 1846 to serve as minister of the Associate Reformed Presbyterian Church in Oak Hill, Wilcox County, for 31 years—except during "The War" when he was Chaplain of the Wilcox True Blues. His son refused not only alcoholic beverages, but electricity! The light in his home was from oil lamps. Born in the Confederacy, Miller was 66 years old in 1930, had been a Circuit Judge since 1904, and for him it was now or never for a high state office.

The skeptics about Miller's candidacy changed when Editor Grover C. Hall, Senior of the *Montgomery Advertiser*, winner of the Pulitzer Prize in 1928 for his battle against the Klan, came out with a thundering editorial in support of the "Sturdy Oak of Wilcox" for Governor. Voters responded to the big, plain-spoken candidate who promised fiscal responsibility for Alabama. Miller was elected, and in 1931 he set out to do what he had promised—to pay off the state's $20 million debt, much of it in warrants held by citizens, and to make Alabama live within its income. He did it by economy, by enactment of a budget control act, and by pushing through the state's first income tax rather than the sales tax preferred by conservatives. Addressing a Special Session of the Legislature on August 16, 1932, Miller put the issue squarely:

"Should this debt be paid by levying a 'Sales Tax on all retail sales to be paid by the consumer'? If so, it should be called the consumer's tax. The consumer now, as a rule, is battling for bread, hunting for food, seeking clothes; and thousands and tens of thousands of them are idle, hungry and begging for the necessities of life. To raise taxes we should go to those who have made money, who have money, who have the ability to pay and where profits and incomes have never been taxed in Alabama."[2]

What political leader in any state—or in Washington—is speaking today so perceptively and honestly?

The art of image-building was not then so advanced as now, but old Governor Miller understood the public mood in that depression time. Noting the response to his oil lamps, he added to the image of frugality by bringing from Wilcox County to Montgomery the personally owned cow that would supply milk and butter for the Mansion in his administration. Newspapers had their fun with this cow at the Mansion, but Miller knew what he was doing. The Legislature enacted most of his program.

The Governor was a kindly man. In 1934, when I was thinking of quitting a certain job, I went to see him in his office on Goat Hill and asked his advice. "Do you have another job to go to?" he asked. "No, Sir." "Well," said the Governor, "Don't give up one job until you have another. It's much easier to get a job when you have one."

In my files is an envelope addressed in long-hand to me at Alabama College, Montevallo, dated March 14, 1937, from B. M. Miller, Attorney-At-Law, Camden, containing the printed document, "Message of Gov. B. M. Miller to the Legislature of Alabama, January 31, 1933." I do not recall the circumstances, but probably I had talked to him about the financial problems of Alabama College. He proudly wrote across the cover of the pamphlet, "Read from page 3 to 19 inclusive. The schools, colleges, normal schools, and university debts aggregated $14,279,823.29. They were all paid in full in 1933."

Governor Miller demonstrated that a man of qualities not ordinarily popular may, in time of stress, be called on for leadership. I doubt that a candidate of Miller's economic conservatism and strict moral code could have been elected Governor in any quadrennium since 1930, but he was somehow bred, trained, and toughened for dealing with the problems of Alabama in the time of the Great Depression.

Though out of the state for much of the gubernatorial campaign of 1934, I kept in touch. The voter resentment of Graves's free spending in his first administration was largely forgotten. Economic conditions had begun to improve, and adding strength to "the Little Colonel," as he was known from World War I, was Roosevelt's program for spending the nation out of the Depression. Graves, known for generosity toward schools, colleges, welfare, and highways—a program hotly opposed by Alabama conservatives in the 1920s even as they denounced Roosevelt and all his works in the 1930s—was riding with the tide.

I came to know Bibb Graves during my experience 1936–1939 as Executive Secretary of Alabama College, working with President Arthur Fort Harman. Graves in 1935 had supported Dr. Harman, a former State Superintendent of Education, for the vacancy left at Montevallo when President O. C. Carmichael became the Chancellor of Vanderbilt. Dr. Harman was, of course, a strong Graves man, as indeed were most educators in view of Graves' demonstrated devotion to their cause.

On his visits to Montevallo, I was surprised to find how small the Governor was in stature, though somehow he turned this to advantage by projecting extraordinary warmth, energy, and intelligence. Bibb Graves loved to be with people, and he won them by humor, alertness of mind, and constant awareness of their interests. No mean phrase-maker, he labeled his opposition the "Birmingham Big Mules" and promised to harness them and make them pull their fair share of the tax load. A bit careless of his person, always with his suspicion of tobacco stain on his mouth, he fairly earned the right to be called "Bibb The Builder." Bibb Graves Halls are all over this state. Even the Archives and History Building in Montgomery is his. He went to Washington and wangled a grant from the Works Progress Administration (W.P.A.) for most of the construction—"shaking the old plum tree," Graves called it—then finished the job with state funds.

A major Graves contribution to Alabama was his support of Lister Hill for the United States Senate. When Senator Hugo Black was named to the Supreme Court in the summer of 1937, Graves appointed his wife, Mrs. Dixie Bibb Graves, to fill the vacancy until there could be a special election in January, 1938. Then he helped Hill beat "Cotton Tom" Heflin. My subject is governors—not senators—but permit me to note that during my years in Alabama, Lister Hill was the leader and inspiration of progressives. His loyalty to the New Deal and to the Tennessee Valley Authority made him the constant target of attack from conservatives. His close friends and chosen leaders formed a powerful influence in support of "The Cause." That was the phrase used by Hill leaders such as Marc Ray (Foots) Clement, the Tuscaloosa lawyer, and Postmaster Roy Nolen of Montgomery, when they referred to the Senator's liberal program. The political genius of these men first elected Senator John Sparkman in 1946, and then for twenty years kept in Washington what I believe was the ablest senatorial team of any state—namely Senators Lister Hill and John Sparkman.

During my Montevallo years I joined and was influenced for good by a small group of progressive Alabamians in the Alabama Policy Committee. Among the leaders were the Secretary and spark of the group, Charles W. Edwards, Registrar of Alabama Polytechnic Institute; an Auburn History Professor, Ralph B. Draughon; Neil O. Davis, editor and publisher of the Lee County Bulletin; Gould Beech, editorial writer for the Montgomery Advertiser; James H. Faulkner, editor-publisher of The Baldwin Times; and George LeMaistre, a Tuscaloosa attorney and professor at the University. To some of the more apoplectic editorial observers we were revolutionaries, though our objectives were no more radical than an end to the cumulative poll tax, equal justice under the law for all, and the elimination of "Pittsburgh-plus" and other discriminatory freight rates against the South. Most of our objectives were reached long ago, and today it is hard to believe that anybody could have regarded us as dangerous 40 years ago!

In the mid-30s, progressive Alabamians were encouraged by the political promise of a Birmingham lawyer who had lost a leg in World War I, was clean-cut in appearance, and advocated efficient state government. Frank M. Dixon said he wanted the poll tax abolished, and fair treatment for all the people. The two Graves administrations had been liberal in terms of schools, welfare, and

[2] *Message of Gov. B. M. Miller To The Legislature of Alabama, August 16, 1932* (Special Session, 1932, Legislative Document No. 1.) 4.

highways, but the quality of appointments and the lush use of patronage were at times disappointing. We liberals consoled ourselves with the theory expounded in Lincoln Steffens' Autobiography—that the governor or mayor who rejects special interests and their kind of rewards, and instead governs for the people, must strengthen his arm by free spending and appointments of lesser quality—but we continued to hope for a governor dedicated both to the people and to efficient government.

In 1938 Frank Dixon won election as governor with broad voter support, including that of many liberals. I had talked with him on his campaign visits to Montevallo and been impressed by his good mind, his incisive way of speaking, and his plans for a state merit system. My interest was not altogether selfless or in the interest of good government. Politics appealed to me, and I broached to Dixon the possibility, in the event he was elected, of being the Governor's secretary. In view of my inexperience at age 30, it seems unlikely that Dixon considered me seriously but, after being elected, he invited me to a family dinner in his pleasant Birmingham home. I have two distinct recollections: the feeling that some of my comments did not go over very well; and the wild rice, my first, which was good with duck! He did not mention the matter of my being his secretary, and not surprisingly, that was the last I heard of the matter.

Dixon quickly gained the reputation of being cold and inaccessible. He became vigorously anti-New Deal, and strictly conservative in his appointments. But in fairness, let it be said that Dixon strengthened the machinery of state government. He reorganized the executive department, improved the prisons, and installed a state merit system. He showed courage by dropping a prominent Montgomery newspaperman from the state payroll where he had been for years, whereupon the Governor suffered savage attacks which discredited both that writer and his newspaper. Dixon was respected as an administrator, though his attentions to the special interests were a disappointment.

The full force of Dixon's arch-conservatism was not apparent, however, until he had retired as Governor. In 1948, from his Birmingham law office, he was the key strategist of the Dixiecrat Movement which, by maneuvers too complicated for description here, deprived the people of Alabama of the right to vote for President Truman in his 1948 election. Dixon's most publicized associates in that endeavor were Gessner T. McCorvey, Mobile, chairman of the State Democratic Executive Committee, and Horace Wilkinson, an outspoken racist and Klansman in Birmingham. In May of that year I wrote in the Montgomery Examiner an editorial expressing as vigorously as I knew how my opposition to the Dixiecrats. I headed the editorial, "McCorvey-Dixon-Wilkinson," knowing that the Wilkinson association was not helpful to the Dixiecrats. To my astonishment, Dixon sent me a five-paragraph letter protesting the editorial and declaring that "in our personal friendship we have come to the parting of the ways. I regret it. Under the circumstances, I of course do not wish to continue my subscription to the Examiner. Please cancel it as of this date."[3] In retrospect, I believe Dixon had a valid complaint, for in linking him to Horace Wilkinson, I was using guilt by association. My only defense is that the Dixiecrat maneuver was an outrage against the democratic system, and tempers were hot.

When I bought the weekly Anniston Times in 1939 and left Montevallo, I was eager to help Bibb Graves win a third term. Graves had established himself as a governor who could work with the Roosevelt Administration, and Dixon was demonstrating the cost to the state of fighting the New Deal. By 1941 the Anniston Times was in battle with Mayor Coleman, a fairly natural issue since Editor Harry Ayers of the Anniston Star was on cordial terms with City Hall. The Times, by circulating a petition, forced the city to install voting machines. Our editorial support of Bibb Graves for governor won attention, since the Star, like most newspapers, was against him. Soon there were messages of appreciation from Bibb Graves, and an invitation to call on him in Montgomery. There he clearly intimated—or so I understood—that he wanted me to be his campaign manager in Calhoun County. Of course I accepted, exhilarated that at last I was making an entrance to the world of practical politics!

This was fine while it lasted, but in a few weeks I heard rumors of a political meeting of Graves leaders in Anniston with—of all people—Mayor Coleman. And I had not even been notified! I went to Montgomery to ask the Little Colonel about this. It was a cold day, and he and "Miss Dixie," his wife, received me kindly by the living-room fire. I cannot recall his explanation, if there really was one. All I remember is that after he had talked for awhile my resentment was gone, and I left for Anniston feeling that now, for the first time, I really understood why Bibb Graves had been elected Governor of Alabama twice, and might be the first man in history elected a third time. Graves was a great persuader!

But the political "sure thing" did not happen. Graves was 68 and not well, though opponents' comments on this were guarded. His major announced opponent was Chauncey Sparks, of Eufaula, a legislative leader referred to by opposing newspapers as "the Bourbon from Barbour County," whose chances against a healthy Graves were regarded as nil. Another candidate was a tree-tall young man from Elba and Cullman named Jim Folsom who for years had been running for Congress, and getting nowhere. There were two other candidates, virtually unknown. As reports of Graves' declining health persisted, Chris Sherlock, highway director under Dixon, entered the race with a blunt reference to Graves' health which offended the Colonel's friends and later cost Sherlock dearly. (William D. Barnard in The Alabama Review for July, 1975, has told this story in excellent detail.)

Graves died in March, 1942. I went to his funeral at the First Christian Church on Perry Street in Montgomery. The church was filled very early and I remember the amazing collection of political figures unable to get in and quietly conversing on the church lawn. Governor Dixon was among them, smiling more than I liked to see. Political talk on that occasion was hushed, but already most of the Graves people, led by Richard T. Rives, of Montgomery, now a distinguished Federal judge, had decided on Sparks as their candidate. Sherlock had spoken crudely of Graves' health, and Folsom was regarded as a country boy running no better than third, if that well. In one of the curious turns that make politics so fascinating, Sherlock, seeing Sparks in front and Folsom dragging for lack of money, put some of his ample funds behind Folsom in hope of getting at least a run-off with Sparks. But in the May election, Folsom out-polled Sherlock by 20,000 votes, and Sparks won a clear majority.

That fall I left for military service, and when I returned in 1946, it was Sparks' last year as Governor. As one who had voted for him to make the best of an unhappy situation, let me say that I came to respect Sparks as one of Alabama's ablest, most courageous leaders. He governed with calm decency and a liberal program of support for education, health, and welfare, which was a pleasant surprise considering his previous leadership of a conservative bloc in the Senate. Sparks literally grew in office as he faced problems broader than those of Barbour County. Also, he was influenced by getting to know Lister Hill, an association nurtured by friends of both leaders. But the full quality of the man was not revealed until 1948 and 1950 when he fought the efforts of McCorvey and Dixon to split Alabama Democrats away from the National Party and make them a regional party of no certain commitments. Sparks' forthright position contributed to his defeat when he again ran for Governor in 1950.

In March of 1946, after three-and-a-half years in the Navy including six months in the heart of China, I became editor of the Montgomery Advertiser. The circumstances were unusual. While still in the service I had corresponded with R. F. Hudson, Sr., the publisher, about an editorial page job. I went to see him during the 1945 Christmas holidays and was given the editorial page with the title of associate editor notwithstanding my request for a unique provision.

"Mr. Hudson," I said, "the effectiveness of an editor, and the appeal of a newspaper are enhanced when the public knows the editor, and knows he writes out of conviction rather than upon the instruction of a publisher or a corporation. I would like readers of the Advertiser's editorials to know they are getting my honest expression, unpressured by R. F. Hudson. If the time should ever come when you and I can not agree on a position—and I would expect them to be few—then I would ask that you state your position in an editorial signed by you." To my astonishment, and that of all who knew R. F. Hudson, he agreed.

But there was still more of the unusual. On arrival in Montgomery that February to buy a house, I was approached by an old friend who represented a business group with plans to start a new daily. The original promoter, John B. DeMotte, a former Advertiser-Journal employee, had died suddenly but the group wanted to proceed—with me as editor and publisher. The decision was not hard for me. First of all, I had been offered a job, had accepted it, and felt committed. Also—adding strength to my rectitude—was the 1939–42 experience of trying to compete with the able Harry Ayers' Anniston Star. This had made me cautious on the business side. Furthermore, I was not at all sure what kind of new daily these businessmen wanted. I declined, making sure, however, that R. F. Hudson knew the story. He responded by putting my name on the masthead as "Editor" rather than "Associate Editor." This made me happy, but not everybody.

On my first day, the late Grover C. Hall, Jr., son of the Pulitzer Prize-winning Advertiser editor, boyhood friend of the publisher's son, R. F. Hudson, Jr., and a writer I had known pleasantly for years as a talented columnist on both the Journal and the Advertiser, came a few steps inside my office and said, "I hate your guts for sitting in that chair. It's a spot I've always wanted."

"Grover," I said, "I can understand why you would like to follow your father as editor. But you are a young man and have plenty of time for that. We have always been friends, let us keep it that way."

My tenure as editor was exciting and brief—from early March 1946 to my resignation on July 2, 1947. During that time I was permitted to write what I believed. The paper had been committed to Lieutenant Governor Handy Ellis in the 1946 race for Governor before my arrival, and I honored the commitment. Later in the year I tried to persuade the Hudsons to support John Sparkman for United States Senator following the death of John H. Bankhead, but succeeded only in getting them to withhold any endorsement. The Hudsons did not share my enthusiasm for Lister Hill, but they tolerated it.

[3] Letter dated May 24, 1948 in author's file.

In the summer of 1947, however, there arose a major disagreement with the Hudsons over plans by the Rural Electrification Administration for a steam generating plant at Gantt, in Covington County, to serve the needs of southeast Alabama. The plan was supported by Hill, Sparkman, and eight of the state's nine Congressmen. Only Frank Boykin of Mobile stood with the Alabama Power Company in opposition. After I declined to attack the R.E.A., R. F. Hudson, Jr., came in at 6 p.m. one day, just as we were closing the editorial page. He handed me a long editorial denouncing the R.E.A. proposal and announced, "We are going to run that tomorrow." I said, "Dick, this is one I'll have to ask you to sign." "No," he replied, "the paper is going to say it." "This breaches our agreement," I said, "and you have my resignation."

There followed a summer of indecision during which I received praise for my independence, but little in the way of job offers. The Nashville Tennessean invited me for a talk but once there, I had to apologize to Silliman Evans, the publisher, for letting him pay my expenses up there when, faced with the serious possibility of a move, I knew that I simply was not ready to leave Alabama.

Instead, I accepted as a gift—of no monetary value—the weekly Montgomery Examiner, which had been established less than a year before as a liberal voice in the state's capital. It was running a heavy deficit, and in my next eight years as editor and publisher the deficits never quite disappeared, though I gained a front row seat for the unfolding of a fascinating period in Alabama history.

In that summer of 1947, Jim Folsom, today something of a legend in his own time, had been Governor only six months. If in recent campaigns he may have appeared stumbling and ineffectual, running for no apparent reason, be assured that 28 years ago he was scaring the hell out of a large part of Alabama. And while I never voted for him—neither in 1946 nor in 1954—I liked him personally and wished for him a better fate in his two administrations.

Jim and I had been student friends at Howard College about 1928. Jim liked basketball, as you might suspect of a man 6 foot 8, but he was not what you would call a serious student. I knew him as a fun-loving, easy-going country boy type from Elba who, to my knowledge, made no effort whatever toward student leadership or distinction. I have often wondered what stimulated his remarkable ambition and drive in later years.

His 1946 platform—something of a combination of Bibb Graves and Franklin Roosevelt—had appeal to progressives. He promised better schools ($1,800 teacher salaries, extravagant at the time), more generous old-age pensions, hard-surfaced farm-to-market roads, a constitutional convention, reapportionment, elimination of the poll tax. What more could one ask? The problem for me, and for many like me, was doubt about Folsom's administrative experience and ability to deliver. He had done little in the ten years prior to his election but run for office—twice for Congress, twice for governor. He was a great campaigner with that bucket and mop, promising to clean the rascals out of the Capitol, but what about the hard decisions from behind the big desk on Goat Hill?

Our fears were well founded. Folsom's program fell apart for two reasons—bad advice, and the easy life. William D. Barnard, in his "Dixiecrats and Democrats: Alabama Politics 1942–1950,[4] suggests that the special interests, both farm and industrial, wrecked Folsom. In a sense this is true, but an alert Folsom, on his feet and drawing on his remarkable political instinct and understanding of the electorate, could have achieved many of his objectives and remained a power even beyond his second term, 1955–58. Instead, with too much partying when hard work was called for, his public image of the strong man devoted to the people—as I believe he truly was in his heart—soon faded.

As for the bad advice, it is hard to know whose advice a Governor takes. But Governor Folsom attacked on too many fronts—industry, the Farm Bureau, the Extension Service, Wall Street, the British, and President Truman. Small wonder that two months after taking office he said in a radio address on March 18, 1947, "If I have made a mistake in these fights it was due to one thing. I have taken on too many enemies of the people's interests at one time."[5] He resisted the opportunity for friendship with Senators Hill and Sparkman, and in 1948 put his close friend Philip Hamm in the race against Senator Sparkman, thus provoking a serious split among progressives. Unfortunate, too, was his decision in 1948 to announce for President of the United States. Gould Beech, editor of the Southern Farmer, was close to Folsom and important in the presidential move, though I do not know whether it was his idea. Beech invited me to the press conference announcing Folsom's presidential campaign. Afterward, when we walked out into the Capitol corridor, he asked, "Are you with us?" When I shook my head he said, "Well, you can come with us or be crushed."

On the plus side, however, Big Jim did support schools and colleges, he did pave roads, he did give more voice to the little people. In struggles against the Boswell Amendment and other efforts to restrict the electorate, Folsom was courageous. Most important of all to me, neither in his campaigns nor in his two administrations did he seek to capitalize on race. I believe the record will show that Folsom was the first Alabama Governor of whom this can be said. It was a fine distinction, won at greater cost than can be appreciated today.

When Folsom was elected in 1946, an also-ran was Gordon Persons, President of the Public Service Commission and a former protégé of Bibb Graves. Persons had built a statewide reputation for honest and intelligent dealing with the public utilities. There were good political brains in the family. Gordon's brother, Major-General Wilton B. Persons, was to serve in the White House as Deputy Assistant to President Eisenhower. In the wake of Folsom's flamboyant campaign in 1946, Persons knew he could not travel with something like Folsom's "Strawberry Pickers" Band, for that would have been out of character for him, a man of considerable dignity. For his campaign he needed something different, and he found it—a helicopter! The idea quickly caught on. Persons' announced landings brought good crowds, often on school grounds. Opponents tried to shame him for disrupting the schools, but he blithely continued his landings. There was always a brief talk to the crowd. "I figure," he told me, "that those kids will go home and tell the folks what they saw and heard." He must have been right, for in a field of fifteen candidates including Philip Hamm, Folsom's candidate, former Governor Sparks, and "Bull" Connor of Birmingham, Persons, with the slogan "He Keeps His Promises," won with ease.

He gained this astonishing victory with the support of only five newspapers. Two of these were the *Lee County Bulletin* and the *Montgomery Examiner*. I have his autographed photograph, which reads "To Charlie Dobbins, one of the few." It puzzles me that Gordon Persons could earn such overwhelming confidence among the people, but could persuade only five Alabama publishers to support him for Governor.

An experience not long before Persons took office astonishes me today as much as it did 25 years ago. In a conversation in his campaign headquarters in the Exchange Hotel—the Exchange was supposed to be the state's lucky political headquarters—Persons abruptly said, "I want you to do something for me. Write me an inaugural address."

At first I thought he was kidding, but he was dead serious. "Well," I replied, "that will be something new for me, but I'll try. When do you want to give me the points to be covered?"

"That's up to you," he said. "Just write it the way you think it ought to be."

I left quite confused, wondering how many of his friends Gordon had asked to do the same thing. But I studied his platform and wrote what I would have said, given his circumstances. The draft was delivered in December very privately, as I figured the next Governor of Alabama might not want people to know the Dobbins was helping with his speeches. From then until Inauguration Day there was no word from Gordon, which was a little disappointing for I thought he might have let me help in sorting out the best stuff from his several versions and deciding on a final document.

But out of curiosity, and some pride, I brought my draft to the inauguration to check against what Gordon would say. To my surprise, he started out speaking word for word from what I had written. I kept waiting for material from the other drafts to show up, but none ever did. Right on to the end, he spoke the lines I held in my hands. But at the last he added something new, and it was right out of any smart politician's handbook. He concluded—"Finally, I want to assure the people of Alabama that I will never again be a candidate for office."

On another occasion, Persons said, "Charlie, what is it I can do for you?" I replied "Nothing in particular, though I guess I would like the State Board of Education since it is my special interest." "O.K.," he said. "I thought that might be it, but I wish I could do something that would mean a little money for you."

So Persons named me to fill an unexpired one-year term on the Board of Education, and he named Neil O. Davis to the State Pardon and Parole Board. We had fought for Persons, and by the accepted rules of politics he "owed us" something though no quid pro quo had been discussed. Still, Davis and I were probably the state's most liberal and denounced newspaper editors, and Persons could have shown his appreciation in some way less conspicuous and possibly damaging to him.

As it was, the Montgomery Advertiser in two columns on page one announced happily, "Senate Fight Indicated Over Davis and Dobbins." By next day, however, the headline had changed to "Fight Against Davis Wanes . . . Possible Trouble Seen for Dobbins."

"Trouble" it was, with a hearing before the Senate Rules Committee and Senator J. Miller Bonner, an arch conservative. Fortunately, he was from Camden, and a family friend. Still, I went into the hearing a very scared nominee.

Senator Bonner asked some fairly general questions, then came to the one apparently intended as the clincher. "Mr. Dobbins," he asked, slowly and gently, "I hold in my hand the ballot of the Democratic Party of Alabama. At the top you see a crowing rooster with the words 'For White Supremacy.'—Do you believe in white supremacy?"

"Senator Bonner," I said, "I have been taught as an American and as a Christian

[4] William D. Barnard, *Dixiecrats and Democrats: Alabama Politics 1942–1950* (University, Ala., The University of Alabama Press, 1974), 5.

[5] "Governor's Radio Address." Press release in author's file

to believe in right supremacy above white supremacy. Never under our democratic system of government has it been proper for one group of citizens to rule another."

That answer pulled me through. Bonner moved to approve the appointment, saying my answers satisfied him 95 percent of the time and "I'm willing to give him the benefit of the doubt on the rest." My nomination was approved by the Senate 29–3, with opposition from only Bullock, Lowndes, and Marengo counties. By 1952, when Persons named me to a full six-year term, the no votes were only two.

Though understandably I may be suspected of bias, I see Gordon Persons as an unusually successful, middle-of-the-road Governor. The public was in the mood for a more dignified and efficient administration, and especially for a clean-up of corruption in the prison and pardon and parole system. Persons essentially achieved both objectives. In a time of racial stress, he virtually ignored that issue in his campaign, then in office stood fast against extremists. When the Supreme Court decision of 1954 outlawing school segregation produced demands for a Legislative Special Session to demonstrate the State's defiance, he showed courage. It was hard 21 years ago for an Alabama Governor to ignore this kind of clamor, but Persons just quietly did nothing. That was his style. And in the Dixiecrat effort to split Alabama away from the National Democratic Party, he stood with Senators Hill and Sparkman as a forthright Loyalist.

Persons was a devoted—even fanatical—Auburn man. His first public statement as Governor was a demand for the firing of Auburn's football coach, Earl Brown, and the hiring of Shug Jordan. Persons caught more editorial brickbats for that outburst than for almost any act of his administration, but it is doubtful that Auburn historians will hold it against him.

Out of these recollections of 25 years in Alabama come two observations: First, I am bewildered but encouraged by the change for good that can take place in less than a lifetime. My father said to me in the 1930s, "We don't have politics in Alabama based on issues. All our politics is race." That is no longer true. And second, I am impressed by the fluid character of politics as reflected in the diversity of governors discussed here. It was a long way from the lifestyle of B. M. Miller to that of Jim Folsom; from the economic philosophy of Bibb Graves to that of Frank Dixon; from the Bourbon background of Chauncey Sparks in Eufaula to the New Deal maturing of Gordon Persons in Montgomery. Yet each man, in his time, and out of his peculiar talents, made a contribution to the building of Alabama.

I offer a suggestion for the spirit of Alabama's Bicentennial Observance. It is the campaign battle cry of Bibb Graves with which he closed every speech.—"Keep On Keeping On!"

SENATOR HELMS' SPEECH TO THE COMMITTEE ON MONETARY RESEARCH AND EDUCATION

Mr. McCLURE. Mr. President, the Committee for Monetary Research and Education is a leading national organization of economists, academicians, businessmen, and average American citizens concerned about our economy and our monetary system.

Recently, my colleague, the senior Senator from North Carolina, JESSE HELMS, was asked to speak at the CMRE annual meeting in New York City.

Unfortunately, the Senate remained in session until 10:30 on the evening of the CMRE meeting and Senator HELMS was unable to go to New York as planned. His speech was, however, read to the CMRE membership, and I understand it was greeted enthusiastically.

I have reviewed Senator HELMS' comments and I believe the Senate should heed them. He discussed the level of debate in the Senate concerning monetary policy and he is critical of it. He assesses the condition of our Nation's economic policy and proposes a national debate on reforms he proposes.

Mr. President, I ask unanimous consent that Senator HELMS' speech to the Committee for Monetary Research and Education be printed in the RECORD.

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

ADDRESS BY SENATOR JESSE HELMS

Thank you for inviting me to speak to a distinguished group such as this.

Since this is such an erudite audience, perhaps I should first tell you what I am not going to talk about.

I am not going to say anything about the "Open Market Committee." I am not going to talk about "credit aggregates." And, I am not going to talk about " 'M' one, two, three, four, five or six."

When I was asked by Mrs. Currier, your gracious Executive Vice-President, to come to your meeting, my immediate reaction was this: What could a former businessman, now a member of the U.S. Senate, tell the Committee on Monetary Research and Education that you don't already know?

Now, I have had some feelings about money for some time. I know that inflation hurts. It hurts people. It hurts business. I know that since the United States went off the gold standard completely in 1971, we have had 37% inflation.

I know that money that does not have something more than a political promise behind it, has only the value of a political promise.

I know that throughout history, successful economies have had a currency backed by gold. That is a fact, more than just a feeling.

That is not much knowledge about something as complex as monetary policy, but it is something. In the past six months or so, my knowledge has increased. Thanks, in large part, to people in CMRE, such as Professor Kemmerer, Carl Wiegand, and others.

But what about my original question: What can I tell a group such as this about monetary policy?

Let's put that question in the opposite context for a minute. What sort of situation are we in, when a man who has had some years of experience running a small business, speaking out on public issues, and now called on to vote in the U.S. Senate—what sort of situation are we in when men in such a situation cannot talk about money? Unfortunately, that is the situation we are in.

In the Senate, and in the House of Representatives, there is a great and an unfortunate lack of understanding of monetary issues.

All too often, a debate will rage hot and long in the Senate on a particular bill. "This is inflationary." "This isn't inflationary." Discussion can go on for page after page in the Congressional Record (at $286 per page, I might add); and not once will it be pointed out that inflation is not the number of subsidized widgets we produce, or the number of anchovies harvested by Peruvian fishermen.

Not once is it mentioned that inflation is caused by too much money chasing too few goods. Not once is it mentioned that inflation is caused by political appointees trying to produce a magic quantity of dollars to speed the economy up, or slow it down, or make amends for a seventy-billion dollar federal deficit.

Well, such is an unfortunate thing for the U.S. Senate, and even more unfortunate for the people of this country; and I hope that the level of debate will be raised. I hope the Congress will soon consider the issue of monetary policy and recognize its importance.

In the membership of CMRE is one of the newest members of the U.S. Congress, Dr. Ron Paul, a leader in the U.S. House of Representatives in the fight on the International Monetary Fund Bill. When he was sworn in, the Keynesians in the House of Representatives suddenly found that they had an outspoken, courageous, and obviously intelligent new opponent.

The IMF Bill is that first significant piece of economic legislation to come to the attention of the Senate this year; and I hope that we will use this opportunity to inflict a few new scars in the hide of the Keynesian tomcat. It's time he's made to know he will not have the run of the road without a fight.

As you may know, the House of Representatives passed the IMF Bill last week after turning down some important, good amendments offered by Congressman Paul and others.

Most recently, the Senate Foreign Relations Committee voted to recommend passage of the IMF Bill after a brief hearing. The hearing was enlivened by the attendance of Dr. Patrick Boarman, a member of the CMRE Board and by Dr. Gene Birnbaum, Chief Economist at the First National Bank of Chicago. For the first time in a long time, the Foreign Relations Committee heard witnesses that were critical of the IMF.

On August 27, the Senate Banking Committee will consider the bill. There will be some strong criticism made of the IMF Bill, and I will be one of those asking some hard questions.

Here is a case where the Administration is asking Congress to approve tremendous authority for the Secretary of the Treasury to exercise vast economic power over our economy. Almost at no time has the real potential impact of this proposal been discussed.

I know members of this group are well aware of what the IMF is doing with one-sixth of its gold reserves. It is selling this gold off so that it can give low-interest loans to nations that are already up to their ears in indebtedness. Much of the gold it is selling off, is gold the Congress gave to the IMF for purposes of monetary stabilization. An honest approach would simply state that the IMF—with full approval of the Treasury Department—is just handing the IMF gold over to the less developed countries: So Idi Amin can exercise his unique form of statesmanship with a few more dollars.

The IMF is a topic I know everyone here is fully aware of. I will not go into it in any further length. I will ask, however, that the shoe be put on the other foot. I ask that members of the CMRE give me their thoughts on the IMF. My office has already worked closely with some members of this Committee on the topic, but I want to see that this fight is on as sound a footing as possible. And CMRE has the kind of intellectual armament needed to help fight this fight.

It is that kind of serious battle that I want to see fought in the Senate. The IMF is just one of the topics which have not been analyzed thoroughly in the past. It is similar to the many bills which have been previously considered without a full recognition of their effects. All too often, even if full effects were recognized, the few advocates of sound money in Congress found that their resources had to be devoted to other issues—usually more popular and easily understood issues.

In the area of monetary policy, the Keynesians have held sway for so long that they have not had to answer any hard questions. They have not had to answer for their failures. They have not had to admit the great human and economic costs of these utopian schemes and policies.

I would like to mention briefly three topics on which I am working at this time.

The first is in cooperation with many other members of Congress on both sides of the aisle. This is the battle of the Humphrey-Hawkins Bill, the $40 billion per year makework proposal called the "Full Employment and Balanced Growth Act of 1976." What a title! If there were a truth-in-legislation law, the sponsors might be headed for the jailhouse.

The Senate Banking Committee held some hearings on this proposal; and as a matter of course, about 50 economists were asked for their views. Senator Proxmire, our Committee's Chairman, asked the Library of Congress to assemble a list of "important" economists; and as you might expect, the names were a "Who's Who" of orthodox liberal economists. There were a few conservative names on the list; but, by and large, the list was slanted. The Library of Congress didn't do this maliciously, however. It is, after all, "common wisdom" that all economists are Keynesians, and the few remaining are followers of the "Chicago School" headed by Dr. Milton Friedman.

I consulted with my staff about how we can build the case against the Humphrey-Hawkins Bill—Jimmy Carter's plan for an economic Disneyworld.

After some consultation with individual members of the CMRE, I sent a request for comments to a number of good, sound-money economists; and I received many excellent responses. And, I would like to say that the selection of economists asked to comment on this bill was such a good one, that I found myself in agreement with every response I received.

I have asked that the responses be put in the Committee record; and I have provided copies to Senator John Tower who will be one of the leaders in the fight in opposition to this particular bill.

On another front, I want to mention what some Senate advocates of sound money are doing to restore an important freedom to Americans.

I have introduced S. 3563, a bill to repeal the Joint Resolution of June 5, 1933. This bill would effectively restore the right of Americans to write a contract—enforceable in the courts—containing a clause which says that payment may be made in gold or in dollars measured in gold.

This is a logical extension of the freedom to own gold, which was restored in 1974.

This is a reasonable proposal since similar contracts can now be written using any other commodity—except gold.

This is a prudent piece of legislation because like cost-of-living escalator clauses, it can protect people against inflation.

And, my friends, this is a fun piece of legislation because it scares the Keynesians silly.

They fear extending freedom to individuals. They fear relinquishing a monopoly power held by politicians that they would never tolerate were it held by businessmen.

The Treasury Department bureaucrats drafted a letter on this bill containing almost identical objections that the Treasury expressed to the restoration of the freedoms of Americans to own gold. Their prediction of doom fell flat, of course, on January 1, 1975.

An interesting ally has come from the Federal Reserve Board. Chairman Arthur Burns supports, or rather, "has no objection" to, the repeal of the prohibition.

I am optimistic about our chances for passage of this bill. It is a good one, and it should be passed.

A third topic I wish to mention is a bill I have been working on for some time.

It might be considered to be a response to the Humphrey-Hawkins Bill; and in some respects, it is a mirror image of that bill. Where the Humphrey-Hawkins Bill says that government should do something; my bill says it shouldn't.

However, there is a major difference. Where the Humphrey-Hawkins Bill is a logical—if frightening—extension of the same old government remedies to problems, my proposal would provide for a major change in direction.

My bill is entitled "The Job Opportunities and Economic Reform Act of 1976." The bill is offered in recognition of the status of the economy today. Despite the predictions coming out of the White House, the status of the American economy is not good.

We are not coming out of just another recession, we have had a recession with record inflation. We are supposedly entering a period of growth, but with record unemployment. What preceded the high unemployment we had, and the newly diagnosed recovery, was a period of inflation of unparalleled depth and duration. Previous to that inflation, we witnessed government intervention in the economy unprecedented in peacetime. We witnessed government-spending practices which must be termed both reckless and irresponsible.

What does this list add up to? It adds up to government intervention in the economy with evidently little private regard, and almost no public regard to the consequences.

We just finished a fiscal year with a deficit of "only" $69 billion. I see no immediate prospect of serious changes in the government fiscal or monetary policies.

Is it not, therefore, reasonable to suppose that if all things remain the same, inflation next time may get at least to the twenties? We may see that boom followed by double-digit unemployment, and a recession accompanied by inflation that could effectively prevent any significant recovery.

Government does not appear to be willing to start spending less to allow business to invest for the future. In fact, we are threatened with programs like $100 billion compulsory health insurance, a $40 billion makework program under the Humphrey-Hawkins Bill and other big spending proposals.

Such a program for the future—more spending, more government, more controls, less growth, less economic freedom, and less investment—means what might be called the Britainization of America. It is a sad prospect.

It has come about in large part because we have vested Government with the responsibility to do things it is incapable of doing. Most politicians elected to such a government are determined to do good, or at least do something about the problems they perceive. So great acts of Congress are offered. If you don't believe they're great, just ask the Keynesians who propose them. Just ask The New York Times!

Most of the bills are passed with altruistic purposes in mind. The motivation comes, in large part, from the unfortunate belief that government can make proper decisions about the use of the nation's resources to achieve all sorts of desirable ends—that government can indeed bring about heaven on earth. In the process of achieving the desirable ends, we find that the means become burdensome, the allegedly necessary schemes become more and more expensive—and more bureaucrats are required to write rules, administer them, and enforce them. If a government goal is in fact impossible to achieve, then one could expend an infinite amount of resources and still not achieve it. That is what I am afraid is happening in many cases in our Federal Government today.

With these assumptions, how should one approach the problem of growth, government, and unemployment? The bill I introduced two days ago, the Job Opportunities and Economic Reform Act, has four titles.

Title one establishes goals for the Federal Government to reduce intervention in the nation's economy and avoid it whenever possible. This is a major shift in federal policy. For years, it has been the accepted wisdom in Washington that it is the Federal Government that has the ability and the full responsibility to see to it that the economy grows or doesn't grow, inflates or doesn't inflate, according to the wishes of Washington economists and central bankers.

It is not within finite abilities of men or machines to decide the condition of the American economy. What will be the best set of circumstances for all. Any goal, set of goals, or parameters set by a group or groups of politicians is by definition, subjective and reflective only of those various individuals personal viewpoints.

What economic fine-tuners propose to do is change the tax system, change the monetary system, or change federal spending policies to conform with their goals; or, change all three. It is just as though the rules of the game are changed so that the desired outcome would be achieved. However, changing the rules has an awesome effect on the players—the average American, the businessman, the person planning a career or retirement. Changing the rules of the game means that everyone loses.

My second criticism of such economic intervention is that the size and magnitude of the American economy is such that the only just regulator can be the marketplace. The only responsibility of Government must be to provide a stable framework and to prevent non-market forces from making market decisions. In other words, government must not only keep its role to a minimum in the marketplace; but it must serve as policeman to see that other groups do not do the same sort of things that the government now is doing.

My bill would amend the employment act of 1946 to state that "fiscal and monetary policies when used for purposes of regulating the economy tend to be counterproductive, and that the absence of such intervention tends to foster and promote free competitive enterprise; the general welfare; conditions which promote balanced growth; and useful employment opportunities. . . ."

The second title of the bill contains a statement of findings which indict federal deficits, and attribute many of our current and past economic ills to federal deficits. The achievement of reform in this area would be with a Congressional acceptance of its role in causing recessions and inflations by deficit spending and, most importantly, a Congressional pledge that change will be effected by a gradual return to balanced budgets.

My bill, therefore, amends the Congressional Budget Act of 1974 to provide that Congress will gradually adopt over a period of years a budget which would balance federal outlays with federal income.

The third title of the bill is, I am sure, of special interest to this organization, for it would phase out the political power of the Federal Government to manipulate the value of money. This is a most significant relinquishment of power. It would provide for a limit on the Federal Government's power to inflate the currency by restoring the market as the place where the value of money is determined. It would do this by providing for a gradual adoption of the market price for the free sale and purchase of gold. It would, in effect, place great constraint on the Federal Reserve Board's freedom to destroy the purchasing power of the dollar. It would provide for the gradual assumption of a standard gold price for the dollar, over a period of years. It would be phased in by first offering U.S. gold for sale at a price above the market and offering to purchase gold at a price below the market.

Over time, the purchase price offered and the selling price would be brought together and fixed at the market price. From that time, unless Congress acted, the dollar would have a fixed relationship with gold.

Why gold? The best reason is that it works. People throughout history have chosen gold as a monetary standard. "Why not politicians?" as the determiners of monetary values? The answer is that politicians have failed. The dollar has been inflated for a variety of reasons; and as a result, our economy has been beaten and battered. We have exported inflation to our allies, and their economies are in tragic conditions.

At worst, gold will do as well as the politicians of the Federal Reserve Board. At best, it will usher in an era of economic growth and stability, an era of prolonged growth and minimum price level changes. From 1879 to 1914, the U.S. averaged 3.6% real economic growth per year and price levels that varied no more than 2% per year.

In proposing that the Federal Government adopt a fixed price for gold, and a fixed measurement for the dollar in gold, I am proposing nothing less than the depoliticization of the monetary system. Such a proposal would mean that if the Federal Reserve Board chose to inflate the dollar for whatever reason, dollars would soon be turned into the Treasury for gold. This would indicate that people did not trust the dollars, and that they sought refuge from inflation in gold. Depletion of our gold supplies would place pressure on the government to reverse its policies.

A refusal would result in the voluntary or compulsory devaluation of the dollar. This would be an action to be avoided, for it would destroy future credibility in our currency, and lead to greater speculation against the dollar.

Eventually, it would lead to boom and bust inflation cycles and the kind of international monetary chaos we have today. Under the present system of unhinged exchange rates, prices change daily. Trade becomes a refined form of currency speculation. Capital flows are stagnated.

We cannot view money as an instrument of national policy. Such a view has led to the Keynesian excesses which we have witnessed. It will lead to the Britainization of America.

Economic reform must, therefore, be a recognition that money cannot be used to cover up foolish fiscal policies. It cannot be used to accomplish utopian social goals. Money is the means of economic activity, and the politicization of money can only lead to the disruption of economic activity.

I propose restoring freedom to individuals to engage in economic activity without having to guess how the political manipulation of the currency will affect their economic position. I propose shifting the burden from the individual to the government. I propose forcing government to conform with monetary constraints and freeing individuals by removing capricious government manipulation.

The fourth title of my bill would establish a Federal Commission on Barriers to Employment. The Commission would be devoted to the investigation and delineation of the costs and effects of impediments to employment. By this, I do not mean the sociological and psychological theories dreamed up by highly paid professors at Harvard or bureaucrats in the Department of Health, Education, and Welfare. By impediments, I mean what keeps the jobs available and the unemployed apart. In large measure, it is government.

There are some economists who state that in a truly free market, there is no such thing as unemployment. They say that if individuals are free to bargain, then all who seek jobs should find them. I do not think that we can or would want to eliminate all disincentives or barriers to employment; but we should recognize that government restrictions and regulations are some of the greatest causes of unemployment. We should know just what the exact causes and effects are. Then we can propose remedies.

The bill I am proposing is a major one. I believe that the provisions must be studied at great length before Congress adopts them. We must make sure that any hardships which may result from these changes are minimized. I am convinced, however, that on the whole, the reforms in this proposal are good ones. Indeed, they are necessary ones.

I submit the Job Opportunities and Economic Reform Act of 1976 so that Congress can begin a serious debate on real economic reform.

We have passed the time when we can throw money at the nation's economic problems and expect more good results than bad. We have passed the time when we can afford something like the "guaranteed" jobs bill which attempts to treat symptoms and not causes.

In full recognition of the political tone of the day, I do not expect approval of this bill in the near future. The United States Congress is far more likely, unfortunately, to adopt bills which provide for "more of the same." We will, unless the American people begin to demand meaningful reform, continue down the road to big government; to centralized decision making; to economic intervention; to the Britainization of America.

I introduce the Job Opportunities and Economic Reform Act of 1976 to begin the debate. After thirty years of Keynesian economics, we must assess the results; and the Keynesians must defend them. The Job Opportunity and Economic Reform Act of 1976 is a comprehensive reply to the economic polices of the past. It is comprehensive because we cannot attack any single one of our economic difficulties separately. Money, unemployment, growth, and stability are integral; and they must be looked at in the same context.

I look forward to reviews, comments, and criticism on this proposal. It has been so long since Keynesian economics began to hold sway that critics of it are looked upon as being either fools or knaves. But, I hope that the Keynesians will recognize this proposal as a serious and comprehensive critique of their policies. I hope those who are sincere in their regard for this nation will look twice and consider these proposals. I hope that members of the Committee for Monetary Research and Education, businessmen, economists, and political leaders from all sides will comment on this bill and contribute to the debate. It is a debate on the most important domestic issue our nation has faced since the Civil War. It is a debate on whether we will have an economy that can provide resources for our children, for their betterment, and for the accomplishment of national goals, or whether we will go the way of some nations and stagnate our productive enterprise in government coercion, economic disruption and the relinquishment of our freedoms.

I apologize for spending that much time on one specific proposal, but I want very much to bring it to the attention of this group. There is precious little that individuals such as myself can do to effect real changes without the support of opinion leaders such as yourselves.

With your help, we can bring closer the day when this great nation will begin to drop the economic shackles with which it has so tragically burdened itself.

Thank you for your time and consideration.

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point six notifications I received during the recess. Portions of some of the notifications are classified information and have been deleted for publication, but are available to Senators in the office of the Foreign Relations Committee, room S-116 in the Capitol.

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

AUGUST 10, 1976.

In reply refer to: I-5630/76.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 7T-9, concerning the Department of the Army's proposed Letter of Offer to Iran for ammunition estimated to cost $45.0 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-9—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(a) Prospective Purchaser: Iran.

(b) Total Estimated Value: $45.0 million.

(c) Description of Articles or Services Offered: Conventional 175mm ammunition.

(d) Military Department: Army.

(e) Date Report Delivered to Congress: August 10, 1976.

ADDITIONAL INFORMATION RELATED TO TRANSMITTAL NO. 7T-9

The proposed sale will not impact on the U.S. readiness or procurement programs. The items in this proposed sale will be supplied from production capacity in excess of that required to satisfy the U.S. Army requirements.

This is a major defense item over $25 million and; therefore, must be a foreign military sale in accordance with Section 38 of the Arms Export Control Act.

This ammunition will add to Iran's overall defensive capability.

The Government of Iran will pay all cost for this proposed sale plus an administrative service charge for handling this as a foreign military sale. This sale would have a positive net effect on the U.S. balance of payments.

AUGUST 10, 1976.

In reply to: I-5634/76.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of

the Arms Export Control Act, we are forwarding herewith Transmittal No. 7T-10, concerning the Department of the Army's proposed Letter of Offer to Iran for ammunition estimated to cost $69.4 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-10—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(a) Prospective Purchaser: Iran.

(b) Total Estimated Value: $69.4 million.

(c) Description of Articles or Services Offered: Conventional 155mm and 105mm ammunition.

(d) Military Department: Army.

(e) Date Report Delivered to Congress: August 10, 1976.

ADDITIONAL INFORMATION RELATED TO TRANSMITTAL NO. 7T-10

The proposed sale will not impact on the U.S. readiness or procurement programs. The items in this proposed sale will be supplied from production capacity in excess of that required to satisfy the U.S. Army requirements.

This is a major defense item over $25 million and; therefore, must be a foreign military sale in accordance with Section 38 of the Arms Export Control Act.

This ammunition will add to Iran's overall defensive capability.

The Government of Iran will pay all cost for this proposed sale plus an administrative service charge for handling this as a foreign military sale. This sale would have a positive net effect on the U.S. balance of payments.

AUGUST 11, 1976.

In reply refer to: I-5742/76.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 7T-11, concerning the Department of the Air Force's proposed Letter of Offer to Iran for an estimated cost of $25.0 million.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-11—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO 36(b) OF THE ARMS EXPORT CONTROL ACT

(a) *Prospective Purchaser:* Iran.

(b) *Total Estimated Value:* $25.0 million.

(c) *Description of Articles or Services Offered:* [Deleted.]

(d) *Military Department:* Air Force.

(e) *Date Report Delivered to Congress:* August 11, 1976.

AUGUST 11, 1976.

In reply refer to: I-4220/76.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 7T-12, concerning the Department of the Air Force's proposed Letter of Offer to Iran for a logistics program estimated to cost $200.0 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-12—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

(a) Prospective Purchaser: Iran.

(b) Total Estimated Value: $200.0 million.

(c) Description of Articles or Services Offered: Contractor development of a functional logistics organization of the Iranian Air Force and contractor training of Iranian personnel to operate the logistics system. The program designation is "Peace Log".

(d) Military Department: Air Force.

(e) Date Report Delivered to Congress: August 11, 1976.

AUGUST 11, 1976.

In reply refer to: I-3479/76.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 7T-13, concerning the Department of the Army's proposed Letter of Offer to Israel for an estimated cost of $76.0 million.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-13—NOTICE OF PROPOSED ISSUANCE OF LETTERS OF OFFER PURSUANT TO SECTION 36(B) OF THE ARMS EXPORT CONTROL ACT

(a) Prospective Purchaser: Israel.

(b) Total Estimated Value: $76.0 million.

(c) Description of Articles or Services Offered: Deleted.

(d) Military Department: Army.

(e) Date Report Delivered to Congress: August 12, 1976.

AUGUST 11, 1976.

In reply refer to: I-4063/76.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 7T-14, concerning the Department of the Army's proposed Letter of Offer to Israel for an estimated cost of $59.0 million.

Sincerely,

H. M. FISH.

TRANSMITTAL NO. 7T-14—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B) OF THE ARMS EXPORT CONTROL ACT

(a) *Prospective Purchaser:* Israel.

(b) *Total Estimated Value:* $59.0 million.

(c) *Description of Articles or Services Offered:* [Deleted.]

(d) *Military Department:* Army.

(e) *Date Report Delivered to Congress:* August 12, 1976.

COMPETITION IN THE OIL INDUSTRY

Mr. GARY HART. Mr. President, in the past year or so, many have questioned the merits of restructuring the oil industry in the interest of increased competition. It is important that the consuming public appreciate the benefits of increased competition as more than just academic or theoretical in nature.

In an article published in the July 18 issue of Newsday, Senator PHILIP A. HART points out how the consumer loses by an industry structure in petroleum that discourages competition for crude oil. He explains how increased competition in the oil industry will benefit both the industry and the consuming public.

It is a piece well worth the attention of my colleagues and I ask unanimous consent that it be printed in the RECORD.

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

BY PHILIP A. HART

It happened in mid-sentence during a Senate antitrust and monopoly subcommittee hearing a couple of years ago: I went blank and couldn't think of a single example of a competitive industry. Stumped, I turned to the staff. No suggestions. I tossed the question to the audience—about 150 persons who work in industry or follow antitrust matters closely, or both. Silence.

That memory comes back now because it seems to typify a problem of those who favor divestiture for the oil industry. We argue that this will bring consumers the benefits of competition. We get back blank looks.

People are hard put to imagine what a competitive oil industry would look or act like. They are especially hard put to imagine how competition would affect consumers.

Frankly, I should have realized long ago that murmuring "competition" doesn't automatically bring blissful visions to consumers' minds. They don't often get a chance to see it practiced—even in this land supposedly dedicated to the free enterprise system.

Every one of our basic industries—such as steel, autos, copper, computers, communications—are dominated by a handful of companies that are able to control their market instead of being controlled by it. In a country of more than 300,000 manufacturing concerns, 200 control more than two thirds of total manufacturing assets.

The oil industry also suffers from a lack of competition. It is not defined as easily as some other industries in terms of concentration of ownership figures. But the bottom line is that there is no free market in crude oil or refined products.

The top oil firms own more than 79 per cent of crude reserves directly. When indirect control is added—in the operation of joint producing leases and such—the figure hits 90 per cent. The industry spokesmen tell us there are 10,000 producers. So the other 9,980 must control 10 per cent of the reserves.

Consider these other barometers of concentration in the industry. In 1972, the top eight refiners had 56 per cent of production. The top 20 had 84 per cent. Crude oil is generally sold to the pipeline on which it travels, and in 1973, 92 per cent of crude oil shipments were carried in the majors' lines (the top 18 companies in volume of crude production, refining and marketing are included among the "majors"). The same year the majors' pipelines carried 76 per cent of the refined oil products in the country. And in 1974, the top refiners held 80 per cent of the domestic market. That type of control by a group of companies that meet each other daily as partners in production, transportation and/or marketing thoroughly dilutes free markets in this industry and makes nonintegrated companies less than free-wheeling competitors. The loser, ultimately, is the consumer.

During the debate on the wisdom of divestiture for this industry, we are often

asked: How much money will the consumer save? Frankly, I haven't the faintest idea. Nor, I am sure, does anyone short of God. We do know that if you take an industry that is not competitive and make it competitive, there is a downward pressure on prices.

At the moment this industry is dominated by an international cartel that may or may not hold together after divestiture. If it holds, the OPEC countries have announced they intend to continue to raise crude prices. But that will not be as easy after divestiture.

Then the companies buying the oil will not have an incentive to just pay the asking price. They will be the largest refiners in the world, the ones buying 95 per cent of the OPEC crude, and they will be getting their profits solely from refining and marketing. In other words, they will be tough negotiators and price-shoppers.

Today the major integrated oil companies have no incentive to bargain for lower prices. They have a stake in price increases. That's because their own reserves increase in value each time the world price is hiked. The magnitude of that incentive is impressive. For example, a $1 increase for a barrel of crude means the value of the reserves that Exxon, Atlantic-Richfield and Sohio/BP hold just in Prudhoe Bay, Alaska, increases by $10 billion.

That's the kind of condition in which sweetheart contracts flourish. OPEC scratches the oil companies' back, and vice versa. On the other hand, we do know that with the 5 per cent of the OPEC production now being purchased by nonintegrated refiners there has been some eroding of the cartel price.

So there is every reason to believe that competition over the years would keep prices from rising as fast and as high as they would without competition. For consumers, the stake is considerable.* * *

But saving money is not the only benefit competition promises consumers. The almost universal trait of monopolists is their comfort. They don't have to hustle—and they usually don't. Therefore inefficiencies creep in; technological advances are slow to be made or implemented. In general, there are signs of stagnation in the industry. As Business Week magazine reported last month, "Compared with their sales volume, big oil companies have never spent heavily on research and development—at least the engineering kind. Ford Motor Company's budget alone exceeds the $715 million that oil companies, with combined sales of $175 billion, reported."

On the average, the oil industry last year spent less than one half of one percent of sales dollars on research and development.

One company, Phillips Petroleum Company, broke down its research and development expenditures like this: More than 50 per cent went to research on chemicals, including fibers and plastic. Fifteen to 25 per cent went to finding improved techniques to discover and evaluate oil and mineral deposits.

Evidence of the inefficiency of the majors shows up at the service station: The nonintegrated independents traditionally undersell the majors by three to five cents a gallon. Robert Yancey, president of Ashland Oil, a large independent refiner, told the subcommittee he could "spot the majors a dollar a barrel and still beat them at the pump."

Clearly, the only noticeable competition in the industry comes from the independents. The independents, not the majors, came up with new marketing techniques, such as unmanned "gas-and-go" stations. Innovations like this and lower prices helped them capture about 25 per cent of the market. That took a bit of hustling.

Incidentally, after the subcommittee members thought about the competition question a bit, we did come up with a very good example of a competitive industry—the hand-held calculator industry. As you may recall, about five years ago when they first began appearing, you had to pay $300 to $500 for a model that today sells for less than $100. And you can now buy simple models for less than $10. What made the difference? Competition. That's what brought improvements in technology, lower prices and a good deal of other benefits for consumers.

Wouldn't it be nice to see a little of that in the oil industry?

POSITION ON VOTES

Mr. BIDEN. Mr. President, beginning on the evening of August 4 and running through August 10, I was absent due to illness and was unable to vote. I have now studied the issues connected with the votes that occurred and wish to record my position on the various record votes that were held during that period. Therefore, I ask that the record reflect that had I been present and voting at the following votes, I would have voted as I have indicated below:

AUGUST 4, 1976

H.R. 10612—Tax Reform Act of 1976:

Vote 472: Kennedy amendment No. 2141, "yea."

Vote 473: Kennedy amendment No. 2140, "yea."

Vote 474: Kennedy amendment No. 2073, Division I, "yea."

Vote 475: Kennedy amendment No. 2073, Division II, "yea."

Vote: 476. Committee amendment on Title VIII, as amended, "yea."

Vote 477: Hart (Colo) unprinted amendment No. 310, motion to table, "nay."

AUGUST 5, 1976

S. 3219—Clean Air Amendments of 1976:

Vote 478: Hart (Colo) amendment No. 1608, "yea."

Vote 479: Hart (Colo) amendment No. 1609, "yea."

Vote 480: Packwood amendment No. 1577, "nay."

Vote 481: Scott (Va) amendment No. 2115, "nay."

Vote 482: Final passage S. 3219, "yea."

H.R. 10612—Tax Reform Act of 1976:

Vote 483: Buckley amendment No. 1993, "yea."

Vote 484: Packwood unprinted amendment No. 314, "yea."

Vote 485: Muskie motion to indefinitely postpone further consideration of Sec. 2601, "nay."

Vote 486: Weicker motion to recommit bill, motion to table, "nay."

H.R. 10612—Tax Reform Act of 1976:

Vote 487: Hruska amendment No. 2154. Motion to table, "yea."

Vote 488: Kennedy amendment No. 2138: "yea."

Vote 489: Muskie motion to recommit bill. Motion to table, "nay."

Vote 490: Kennedy amendment No. 2168, "nay."

Vote 491: Packwood unprinted amendment No. 313, "yea."

Vote 492: Title XXII, Estate and Gift Taxes, as amended, "yea."

AUGUST 6, 1976

H.R. 10612—Tax Reform Act of 1976:

Vote 493: Committee amendment on Title XXVII, "nay."

Vote 494: Inouye unprinted amendment No. 323. Motion to table, "yea."

Vote 495: Inouye unprinted amendment No. 323, "nay."

Vote 496: Percy amendment No. 2166. Motion to table, "yea."

Vote 497: Dole unprinted amendment No. 326. Motion to table, "nay."

Vote 498: Hart (Colo.) unprinted amendment No. 328. Motion to table, "yea."

Vote 499: Montoya unprinted amendment No. 330. Motion to table, "yea."

Vote 500: Bayh amendment No. 2156, "yea."

Vote 501: Gravel amendment No. 2171. Motion to table, "yea."

Vote 502: Nelson amendment No. 2157. Motion to table, "nay."

Vote 503: Kennedy amendment No. 2176. Motion to table, "nay."

H.R. 10612—Tax Reform Act of 1976:

Vote 504: Sparkman amendment No. 2142. Motion to table, "yea."

Vote 505: Hollings unprinted amendment No. 340, "nay."

Vote 506: Final passage H.R. 10612, "nay."

Vote 507: Clark unprinted amendment No. 344. Tabled by voice vote. Motion to table motion to reconsider vote, "nay."

AUGUST 9, 1976

H.R. 14262—Defense Appropriations:

Vote 508: Hart (Colo.) amendment No. 2146, "nay."

Vote 509: Leahy amendment No. 2145, "yea."

Vote 510: Abourezk unprinted amendment No. 352, "yea."

Vote 511: Final passage H.R. 14262, "yea."

Vote 512: Nomination of H. Buyford Stever to be Director of Office of Science & Technology Policy, "yea."

S. Res. 463:

Vote 513: Buckley amendment No. 2096. Motion to table, "yea."

Vote 514: Final passage—S. Res. 463, "yea."

AUGUST 10, 1976

Vote 515: H.R. 12987—Emergency jobs program authorization. Final passage, "yea."

VALENTYN MOROZ

Mr. GRIFFIN. Mr. President, this morning the Senate Committee on Foreign Relations approved Senate Resolution 67, expressing concern for the safety and freedom of the Ukrainian historian, Valentyn Moroz.

I ask unanimous consent that a statement in support of the resolution which I presented to the committee be printed in the RECORD.

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

STATEMENT BY U.S. SENATOR ROBERT P. GRIFFIN

Mr. Chairman, I am pleased that the Committee has agreed to consider S. Res. 67 this morning.

This resolution, which I introduced more than 18 months ago on behalf of Senator Taft and eight other colleagues, requests the President to express the concern of the United States Government for the safety and freedom of Valentyn Moroz, the Ukrainian historian. The Resolution is identical to S. Res. 392, introduced two years ago by Senator Taft, a resolution which I also cosponsored.

Valentyn Y. Moroz was born on April 15, 1936, in the village of Kholoniv in the Volhynia oblast of Ukraine. He graduated from the University of Lviv in 1958, and taught both history and geography in Lutsk and Ivano-Frankivsk.

As my colleagues on the Foreign Relations Committee are aware, eleven years ago, this month, Moroz was arrested on charges of "anti-Soviet propaganda and agitation." A man of unusual courage, he was not deterred by the physical and mental abuses he suffered in Soviet prisons.

Shortly after being released from prison in 1969, he was again arrested by the KGB

and placed on trial. Rather than pleading for his personal safety at his November 17, 1970, trial, Moroz stated:

"Only a submissive Moroz would prove useful to you, for by 'confessing' he would repudiate himself. . . . But for a Moroz of that breed you have to wait forever . . . I am being tried behind closed doors; but your secret trial will 'boomerang' regardless of whether I am heard, or whether I remain silent, isolated from the world in a cell in Vladimir Prison. There is a silence more deafening than thunder and it cannot be muffled, even should you destroy me. Liquidation is an easy answer, but have you ever considered the truth—that the dead often count more than the living? The dead become a symbol—they are the substance that nourishes the will and strength of noble men."

It is tragic, but perhaps not surprising, that this performance earned a 14-year prison term for Valentyn Moroz.

Deprived of his rights, Moroz began a hunger strike in protest. It was perhaps in part because of the subsequent publicity in the West that Congressional interest developed in the Moroz case, with resolutions of support being introduced in both the House and the Senate. In November 1974, as reports on Moroz's condition became more alarming, I took the initiative to write a letter of personal concern to President Ford, urging him to apprise the Soviets of American concern for Valentyn Moroz. Perhaps the campaign was successful; in any event, the harassment of Mr. Moroz slackened in the months that followed.

A new crisis developed earlier this year, however, when it was learned that Moroz had been transferred from Vladimir Prison to the Serbsky Institute for Forensic Psychiatry. This was not the first time accounts had reached the West that dissident intellectuals were being placed in Soviet mental hospitals in an effort to silence them.

This past June 4, I joined with 22 of my Senate colleagues—including four other members of this Committee (Senators Javits, Percy, Scott and McGee)—in voicing concern for the welfare of Valentyn Moroz. This time, our effort took the form of a letter to Soviet Communist Party General Secretary Brezhnev. Just eighteen days later, the *Washington Post* reported that doctors at the Serbsky Psychiatric Institute had found Moroz "sane," and that he had been transferred to a Moscow prison.

Clearly, progress has been made. But just as clearly, much more remains to be done. The Resolution before the Foreign Relations Committee this morning—S. Res. 67—is a continuing step in the right direction. I am pleased that it is being considered, and I urge my colleagues to give it strong and prompt approval, so that it may be considered by the full Senate in the near future.

As you know, Mr. Moroz has been offered a position as a lecturer at Harvard University should he be released from prison and allowed to leave the Soviet Union. This is a worthy goal to pursue.

SOVIETS PLAN TO LINK CENSORSHIP TO 1980 MOSCOW OLYMPIC COVERAGE

Mr. ROBERT C. BYRD. Mr. President, in negotiations for news coverage during the 1980 Moscow Olympics, Soviet officials are apparently trying to impose censorship on the world media. And unless steps are taken immediately, they will continue to exert pressure which could result in a 4-year moratorium on news from the Soviet Union which would reflect negatively on the Soviet regime.

A recent article in the New York Times reporting on the high-level competition between executives of the American television media described attempts by Soviet officials to tie awarding of the lucrative contract to "other considerations" which could lead to self-censorship.

According to the U.S. network executives, Soviet negotiators have made it clear that matters other than objective reporting on athletic events in Moscow in 1980 will be weighed before the contract is awarded.

These actions by the Soviets are early indications of how they will use the Olympics for propaganda purposes unless the United States and other democratic nations establish ground rules on all conditions concerning the news media.

The Soviet Government has always made it difficult to report news objectively from Moscow, and television coverage has been particularly hampered by government regulations. Western newsmen have been banned from the country or denied return visas after reporting news unfavorable to the Soviet regime.

There have already been comments in the Soviet press which reveal the context in which they plan the 1980 Olympics to be held. An American news magazine has reported a major Moscow newspaper as saying:

> The Olympic Games are not just a major sports festival but are one of the fronts of fierce struggle between the supporters and opponents of international cooperation and mutual understanding.

This is a thinly veiled reference to the adversary political relationship between the free and Communist nations which the Soviets would like to inject into the 1980 Olympics.

The pressures exerted during the preliminary negotiations with American executives reveal how the Soviets attempt to manipulate all news information for their benefit. It is possible that the Soviets may exert pressure on a network or newspaper to withhold reporting a story if it portrayed Soviet life or politics in a negative manner.

It is also possible that the media may be informed that the Soviets would be reviewing all requests for press credentials just prior to the Olympics, at which time the other conditions would be evaluated. Under any circumstances, this would have to be considered a form of journalistic blackmail.

In the interests of protecting the tradition of free press in America, I am writing to the Federal Communications Commission to request that the Commission monitor negotiations involving the American media and Soviet officials. I believe that this action should be taken to assure that American media are not placed under any undue pressure in their coverage of the Soviet Union and Soviet affairs.

QUORUM CALL

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume the consideration of the unfinished business, which the clerk will state.

The assistant legislative clerk read as follows:

> A bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending question?

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment (No. 2201) by the Senator from South Carolina (Mr. HOLLINGS).

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HOLLINGS. Mr. President, the distinguished Senator from Maine (Mr. HATHAWAY) has an amendment which would qualify under the exceptions made in our unanimous-consent agreement on yesterday relative to the Helms amendment and the two Dole amendments. Mr. HATHAWAY desires that, whether or not the Hollings substitute is adopted, his unprinted amendment relative to agricultural qualification or classification of fisheries may also be submitted for consideration.

I ask unanimous consent that irrespective of the action by the Senate on the Hollings substitute, the Hathaway amendment be in order.

Mr. FONG. There is no objection.

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

Mr. HOLLINGS. Mr. President, I have not had the time to review the entire statement in yesterday's RECORD made by the distinguished chairman; but I notice that there is a general feeling on the part of those in the leadership that the business decisions of the Postal Service have been wise ones. In fact, the Senator from Hawaii says:

> Look, you have a $14 billion business. It has 89.3 billion pieces of mail. One percent

mistakes would amount to millions of pieces of mail missent, and you have to expect that with such a tremendous volume.

The truth of the matter is that we are not picking on a missent letter, because that is bound to occur under any organization, and I will have to agree with the Senator from Hawaii on that. But, on balance, we are trying to study the Postal Service and give an objective judgment. We in Congress have not been afforded that opportunity. We are told at every turn, like the coach I had in college days, "Wait 'til next year." The football coach always wants to wait until next year.

H.R. 8603 had its genesis in January of 1975. It was reported to the floor of the House in July of last year and was passed by the House in October of last year, almost a year ago.

When we are talking about a blue ribbon commission and a 4-month study and how we have to get to work and keynote and cooperate and coagulate the different issues for Congress, the truth is that the Senate had Senator McGee's bill in January. We have had it for 8 months. In those 8 months, with the expertise of our Committee on Post Office and Civil Service, we could have done a far more salutary job, I am convinced, than any blue ribbon commission coming into town that did not have any knowledge and working responsibility with respect to the Postal Service.

There should be a GAO study of Congress. We have substituted the GAO for the Committee on Post Office and Civil Service. We have had 140 studies by the Government Accounting Offices. It is almost like guerrilla warfare; because while we are not doing the work in the committees and within the committee structure, the individual members are trying to show some awareness, some understanding, some appreciation. So they are writing to Elmer Staats and the GAO.

I have the GAO budget on the Appropriations Subcommittee for legislative matters, and I found that we had an inordinate number of studies for the Postal Service—140 in all—costing more than $6.5 million, much more than the cost of the operation of the Committee on Post Office and Civil Service. All of the work done by GAO, plus more, could have been accomplished by having the committee performing those studies.

You do not need a Sherlock Holmes to investigate to find what is wrong. You can, on the one hand, look at the business decisions of the Postal Service and the Postmaster General, or you can, on the other hand, look at that United Parcel Service, that element of real private free enterprise, that has succeeded, and very quickly learn of the decisions that they made in order to be competitive, in order to be economical, in order to give service, in order to survive in a demand and supply situation.

First, going to the decisions made by the Postmaster General with respect to being a private corporation—I included a good part of this in the Record on yesterday with respect to sole source contracting. For one thing, the General Accounting Office went in to see how any business with a competitive base would get competitive bids to try to effectuate economies. In fact, even the Postal Service testified, plus the GAO experts, that, rather than sole source contracting, if you had multiple source, if you had competitive bids for the various services performed, it amounted to at least a 30-percent saving.

We find out that half of the contracts of this great, big, free enterpise, unfettered, unpolitical group made half of their contracts under sole source contracting, which was a tremendous loss for the Government. In fact, there has been some question raised about the award of contracts to relatives and business concerns of the former Postmaster Generals and some of their intimates with respect to the management consultant contracts that were entered into with very, very little result, if any, that could be proved.

Again, I am back to the original point: If we had the opportunity to have these hearings, we could have called the Postmaster General, we could have called the parties involved and having the testimony on both sies, we would have known the truth so that we could give it to Congress. As it stands now, we are still saying, wait until next year, after a blue ribbon commission reports back. All the time not knowing, really, whether or not there was a bad decision.

We do know that between June of 1970 and August of 1973, a company, Burnaford & Co., Inc., an advertising agency, directed by Mr. Charles Burnaford, a friend of former Postmaster General Klassen, was given $815,000 in contracts for different services. GAO reported Burnaford & Co. charged twice as much in salary, that they billed the Postal Service for labor costs in excess of the actual labor cost. They charged the Postal Service for all auto expenses—incidentally, in Cadillacs and Mercedes Benzes. The Democratic candidate is out on the west coast doing away with Cadillacs. Private free enterprise is hiring them and paying for them. In turn, of course, the American public is paying for additional Cadillacs here.

Burnaford & Co. overcharged the Postal Service for travel expenses. Burnaford & Co. charged bad debts and personal telephone calls that would have caused a congressional scandal. When you get congressional oversight and when they know there is congressional oversight, they are a little bit more careful with these kinds of personal consultant contracts just given out willy-nilly.

We have many other things with respect to the Postmaster General's elaborate headquarters suite, but let us not pick at that. Let us go to the matter of vehicles. We cited yesterday, with respect to inflation and incidentally, let us say we have had inflation. The Consumer Price Index has said the cost for all services between 1971 and 1976, in the last 5 years, has gone up 35 percent. But the Postal Service cost of services has zoomed up 65 percent. So we can account for 35 percent of the 65 percent, but we cannot account for the additional 30 percent which is given there. So again, we cannot just slough it off on, look, we have a big organization and 1 percent of the missent letters would cause the thing to go awry.

Let us look at the business decisions. Let us look, as businessmen are required to do with respect to their business judgments, not only at the Consumer Price Index, but we again go to the matter of the cost of vehicles. We found out that of the 85 contracts that were picked by the GAO, they could have eliminated 16 of those contracts and reduced others to a saving of $185,000 and about 88,000 gallons of gasoline, or a 20 percent saving. Well, 20 percent on 12,000 contracts would zoom into millions and millions of dollars being wasted on bad business judgments. So that is the sole source contracting, the management consultant contracts or advertising contracts, the vehicle decisions. Then we go to the bulk mail facility.

Mr. President, when we were in school, we would send out the laundry. They said they had a special machine there, I say to Senator Fong, that ripped the buttons off your shirts and shot them through your socks, so you got back your shirts without buttons and your socks were full of holes. That man who ran the laundry, I think, is in charge of the bulk mailing facilities. No one outside of the post office says it has been a good decision. While they have cost a billion dollars, I will use the Senator's logic or argument that, being a $14 billion annual operation, they could write off a billion dollars. They certainly have gone in the hole $8 billion. They could have written off the $1 billion bad decision and resumed speed under the old operation.

But, no, they continue with this bulk mail facility, of which they have improperly placed some 21 around the country, most of them operated by those who have never had any connection whatever with the mail service. All of them had total breakdowns. Congressman Wilson went into the Detroit office and found piles and piles of damaged packages. The same occurred, we saw in the news, at the Chicago post office. If anybody wants any old packages, we are going to have some rummage sales sometime, when the Postal Service finally makes a decision that it is going to have to take the people's mail and start opening up a Postal Service rummage sale and start selling the stuff, whatever it is, to dispose of it.

If we think we have good business management decisions, we look then to the vehicles, the management decisions, the sole source contracts, the advertising contracts, the bulk mail facilities. Then I guess this was the pressure that finally got upon the Postal Service to do something right. They had to get some kind of competition. They designed a workload program recording system, but we finally found out what to do with the poor junior class at West Point that we had a hearing on yesterday. They were told, "Take the exam home," and anywhere from 400 to 600, almost half of that class, was found—they have not concluded it, of course, but evidence is that half were engaged in a breach of the honor code at West Point.

Well, they have not had amnesty, but

this program go so bad—incidentally, my Senator friend from South Dakota, if he would come back, would appreciate this, rather than having former Senator Goodell in charge, we could get the Postmaster General, because he knows how to get amnesty. It got so bad that he gave amnesty.

Let us find out just exactly what happened.

They instituted—if I can find that fancy name that they have for it, it is called—the workload recording system. Under the workload recording system, they were trying to make records then of the workload, and the GAO review said the postmaster told them that after being on the job for only a brief period—this is the postmaster right here in the district office—this is all of a sudden over a period of a few years, all of a sudden in Washington, where everything goes awry, all of a sudden we had the No. 1 post office in America because the workload recording system had said so.

Of course, they did not tell us it was manipulated. They did not tell us it was totally falsified. But in any event when the GAO went to look at it, they talked to the new postmaster who had come in in January of 1974, and in talking to that postmaster, it was said that he realized the mail volumes being recorded were incorrect.

His tours of the facility indicated that the volumes recorded were higher than those he observed; the facility was generally overstaffed. He said this overstaffing resulted from the inflated mail volume, and in his office he found prior inspection service reports which documented the history of falsification of mail volumes. There is no record, however, of any corrective action having been taken by his predecessors.

The postmaster said at that point he really did not know what to do about the problems. He decided to allow the mail processing operations to continue for the time being, and then, after assuring himself, he called a series of meetings of all the tour supervisors and informed them that he knew of the volume falsifications and wanted it stopped immediately and he threatened to fire anyone who did not do it.

As a result, the mail volumes and productivity reported in the workload recording system for the period June 2 through June 28, 1974, about a 3-week period, declined 25 percent. Bam. As soon as it started making honest reports it declined 25 percent.

Now, the district manager did not like that because he had to report. You see, they have a tremendous hierarchy, by the way. The district managers ought to be discharged as a total waste. They have some 57 of them over the country, and everybody in this business says that you have the sectional managers, you have the regional officers, you have the Postal Service up here, and the district offices are just a superimposed hierarchy that is unneeded and is uneconomic.

But the district manager had to continue to show and get his blue ribbon, I guess, so he accused the postmaster of having lost control of the city's post office.

The controversy ultimately resulted, Mr. President, in a request by the eastern regional postmaster general for an inspection service audit, and the audit of the post office began in August 1974 and concluded in March 1975.

The inspection service found that in spite of the postmaster's warming to subordinates to cease all mail volume inflation the situation had not been completely corrected, and the inspection service estimated that the inflation of total piece handlings exceeded 60 percent—60 percent falsification.

Twenty-eight supervisory employees, as a result, ranging from first line manager to tour superintendent, admitted falsifying the workload recording system. I could elaborate more on it.

It got so far out of hand, that rather than reviewing it and going on further, the Postmaster General threw up his hands and what did he do? He granted amnesty. So there is a section of Government where you can receive amnesty, my distinguished friends, and that is from the Postmaster General. [Laughter.]

So when you are talking about improved service in statistics and everything else you are talking about falsification of records.

Now, look at the other particular property management decisions with respect to getting improved conditions. One report of the Postmaster General earlier this year said that 87 percent of the employees were now under good working conditions. But on a close inspection, and hearings would bring this out, money had been spent in obtaining flagpoles and in bulk mail facilities, but not necessarily in improvement. There has been an improvement obviously in some of them, but many still work under bad conditions.

As far as business judgments go, with the new facilities projecting future use over a 10-year period, GSA says there is much excess space that could be rented. As a business concern impressed with the duty to make a profit or in this case break even, it would have long since rented, but they are not doing it.

I mentioned the district offices. I have tried to get into what they have called the improved service and everything else of that kind. I am trying to reserve some of the time for my other colleagues, and then answer some of the questions.

But let me say this, Mr. President, with respect to what is wrong; let us find out also what is right. We only have to go to the United Parcel Service, where many would say they are just skimming the cream. The fact of the matter is that you can go right down into Atlanta, Ga., right where the district office used to be. Every private industry has a headquarters in Atlanta. Even the Democratic nominee for President of the United States is now running from Atlanta. But, no, no, that is not a good decision, that is not a good business decision, they say. "We have got to go to Memphis, Tenn.," where there are no airline connections or anything else. You have to fight to get reservations, and you have to find a train that goes out there and if I do I will get it, but there are not any. The bus service is all interconnected. Nobody goes from Charleston, S.C., to Mississippi, and no one from Memphis, Tenn., on the Mississippi comes all the way to Charleston, S.C.

But down in Atlanta, where they have one of these parcel situations, the United States Postal Service built a facility there. They are great on cost, on buildings, and if you look at all the money spent, they are just big realtors. Of course, that is where the former Postmaster General, Mr. Blount, spent his life building buildings and, incidentally, his firm got $91 million worth of contracts in the construction of buildings.

So they built one down there for the parcel service, and it cost them $35 million. They have a daily volume down there of 95,571 pieces, and they have 549 employees. That is not a $14 billion corporation, with 89.3 billion pieces of mail, with 1 percent of those going awry causing millions of letters being missent. I am not talking statistics, but talking facts, I am talking business judgment and where business judgment was made.

A similar United Parcel Service went in there and they built a facility that is serving them extremely well. Rather than $35,585,000, they contructed one for $4,500,000, one-seventh of the cost, on a business judgment, because they have to pay for it. There is no Federal financing bank to run to and get $500 million as the Postal Service did on May 28 this year, less than 90 days ago. They have already been to the Federal bank and gotten $500 million, and they come here now asking for $1 billion more, and they say, "We are going to run another deficit of another $1 billion, and over our 5-year history we have gone $8 billion in the hole." And the United Parcel Service built one for one-seventh the cost, and rather than 549 employees, they have 619 employees, and their 619 employees rather than handling just 95,571 pieces of parcel post, they daily handle 220,000. So, over double, almost three times, the volume at one-seventh the cost. Those are not missent letters due to little mistakes that are bound to happen. Those are calculated business misjudgments on behalf of the Postal Service.

Looking at how they are being accused now of skimming the cream, they do not just build buildings, they give a pickup service. Of course, they charge for it, but they go in and they find customers. Now, nothing prevents, under the Postal Reorganization Act, the Postal Service from going around and giving a pickup service. They used to have one in business areas and everywhere else. That has been totally eliminated. Windows have been closed on Saturdays when working people get off and get a chance to wrap a package and mail a letter. Maybe we should not have Saturday deliveries, because they are too costly, but at least they ought to have the window open and the facility alive and doing business as they used to, and get the package off. Windows have been closed and there are no pickups.

The United Parcel Service has a pickup and they have automatic insurance. They cover the package, so you do not worry about some kind of little limitation of $100, and if it was over $100 then it was

lost. Mr. President, if you look at Detroit, if you look at Chicago, and look at the bulk mail facilities, I can guarantee it will be lost and it will be destroyed going through that machine.

So they are worried about it and would like to have adequate insurance. United Parcel Service realizes that is something desired by the consuming public and they give automatic insurance. They give easy proof of delivery, because, when they deliver that package, they do not just throw it off somewhere and then wrangle and have an argument about whether or not it was or was not delivered. They give them back a slip that has been signed. They give these additional services.

There is no mystery and no mistake in billions of pieces of mail which are being sent. This is a business judgment; they do not have to hire consultants.

An ordinary politician like myself can ask around and see they are succeeding in what they are doing.

So find what they are doing and, if it makes good business sense, which apparently it does, emulate and copy what they are doing and provide the same services at the same cost. We know they have Federal financing.

I do not want to put the United Parcel Service out of business. I do not think I have any chance in this Congress. I think the United Parcel Service will grow. I do not think I have any chance with the Postal Service. But I would, certainly, if I were Postmaster General, give them competition.

To bring it into focus at this time, Mr. President, this is not a casual proposition. We are not in any crunch or rush for money. They just borrowed half a billion dollars. The House has another half billion dollars; it has been tentatively approved on both sides. We can give them the necessary money, whether it is a billion or half a billion dollars.

But, really, after 6 years, August 1970 to August 1976, we have to make a formative judgment.

I was asked once earlier this morning, "How do you go back to what it was?"

I happen to have been here. It was not that sorry. We were tired and, in my earlier years in the U.S. Senate, at least 40 percent of my time was on Vietnam. We were wrangling and moving up aircraft carriers or battleships. One day we were having electronic line bombing, or no bombing, playing war on the floor of the U.S. Senate for a good 6 to 7 years.

The judgments made at that particular time were that we were spending too much time over appointment of postmasters and in special interest groups coming in here for special postal rates.

My particular amendment does not go back to the political appointment of postmasters. It does not go back to the ratemaking. We have beefed up the ratemaking commission and expedited it. It had been delayed in the courts, but we have had that test case.

The Postmaster General and the majority of our Postal Civil Service Committee think that the expedited procedures, even under the McGee or similar provision under the Hollings substitute, will take care of the ratemaking. But it does say that with all these judgments we cannot come back to Congress year in, year out, asking as we are doing this year for a public service subsidy of approximately a billion dollars, an additional $1 billion to get solvent, to keep from going bankrupt, and $307 million for the phaseout of second-class mail rates.

They are asking for $2.3 billion and saying, "All right, just give us the money and don't ask any questions."

I do not see how we can continue to do our job after 6 years' experience—and we oversee everybody and tell everybody how to run an oil company, how to fly a plane or defend the country. If you want to know anything, come down here to the Senate floor and we will tell you how to bomb, or build a bomber, build an oil company, price gas, or what you should do for consumers. You will find experts here on anything you want until it comes to taking responsibility.

When it does that, what we see is, "Let's get a blue ribbon commission and that commission can go ahead and correlate all these fine facts which we do not have time to do.

We just had 8 months. Senator McGEE's bill was introduced in January and we have done nothing. We had a year and a half to title and number this bill, H.R. 8603, and that commenced in January. A year and a half ago, and we have still done nothing.

The Postal Service was instituted in August 1970. That is 6 years ago and we have not done anything. You can bet your boots that old political axiom of when in doubt do nothing, and stay in doubt all the time, will reign supreme in the U.S. Senate. We will tell every cabinet member everybody's finances.

If we sent OSHA around to the bulk mail facility tomorrow morning, they would be closed down. They would lock up all the Postal Service employees. They are all in violation. One lady lost a leg. They are unsafe.

I think, not being facetious, maybe we can get an OSHA amendment for the bulk mail facility to see how it would work.

They would not pass muster. They would close them all down and we would not have any mail at all.

Maybe that is the way to bring it to the attention of the U.S. Senate.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. STONE). Who yields time?

The Senator from Wyoming.

Mr. McGEE. Mr. President, I have been listening with interest here to my colleague from South Carolina. I think he underscores very well not only the differences that prevail in regard to how best to approach postal problems, but even the uncertainties and the dimensions of a proper national postal service.

The shortcoming of it all is that he would propose a solution, his solution, the kind of catch-all grab bag of proposals to plug up leaks in a system, as he sees it, that was put together 6 years ago.

God knows there have been plenty of leaks, plenty of gaps, and we have all learned a little in the 6 years of postal reorganization.

But I submit, Mr. President, that there are many deep running differences still in the wisest way to come to grips with this problem. That is the reason we have no business trying to plug a hole here and stop a gap there and patch on another proposal here from the floor of this body in these closing days of the session.

The Postal Service of the United States is too important to our country, to every person in this country, and it ought to be approached in a reorganization updating, modernizing, whatever we want to call it, with the kind of thought and care that the magnitude of that service demands.

That is the reason for the pending proposal here on the floor, what my colleague loosely calls the McGee bill.

It is a compromise measure to try to hold the Postal Service in a state of relative stability in regard to rates, in regard to cutback in services, in regard to small post office closings, until we get out of the hectic, pellmell pace that this election year has thrust upon all of us, one way or another.

If we can hold that until the new year, whatever that administration may be, we will then have the report from the Presidential commission. At that point, with no end in sight in terms of the time imposed upon the Senate for its deliberations the Congress, the elected representatives of the people, can work their will on a thoughtfully put together bill for the postal system in the best interests of all the country as a whole.

I think that is the point that is uppermost in the consideration of the bill that is pending before this body today.

We have a proposal that was worked out very carefully with different groups that would approach the postal problem on an acceptable hold-the-line compromise. If we start at the White House end of the street, we find an adamant position there in regard to any kind of public funds being plowed into the Postal Service, including the postal subsidy concept.

I personally believe that a substantial public subsidy in the national interest is a must in the postal system. The White House disagrees. I do not know whether I am wiser than the White House or they are wiser than McGee. In any case, that very point requires that we take the time thoughtfully to sort out the various approaches to the postal system and then put them together in a collective effort in the best way we are able to do. That really is what is at stake here. We cannot do it from the seat of the pants in this body, in these late hours of this session. We would ill serve not only our own record, and we are supposed to be responsible legislators, but most of all we would betray a very much larger public responsibility to try to provide the best Postal Service possible.

I appreciate my colleague's efforts to try to improve that system. He has a great feel in his proposal which I think requires the most serious evaluation. My point is it is only part of the input that is required before we dare make a new assessment at this late hour. His is one approach. There are 121 approaches, I am sure, and maybe 435, because we have

that many Postmasters General in the Congress. It is 535 if we dare to include the Senate but I would not include Senators as Postmasters General. They are statesmen who simply are trying to solve a public problem. We have more Postmasters General than we have problems in the Postal Service. When we run out of problems, we invent more, with loose rhetoric, with quick solutions, and with seat-of-the-pants judgments.

What I am saying, Mr. President, is it is time that we sober up on this question. It is time that we let the mantle of public responsibility settle down upon our shoulders in a way we can look back upon when this year has worn itself through the electoral trials in both parties, and look back upon it with a sense that we did the wise thing, frustrating though it may have seemed at the time. That really is what is at stake in the issue which is pending here.

I call to the attention of the Members of this body what the GAO told the Congress, for those who care to read it, who care to study it, in an in-depth examination at the request of the Post Office and Civil Service Committee for an evaluation of the system. It was a 4-year study into which they plowed 200 man-years of evaluation. They submitted their report to the Senate committee last spring.

Some of the things they concluded ought to at least give us pause as we ponder what steps to take next and what kind of a move we ought to make.

What they told us was that a lot of operational things had gone wrong in the new effort undertaken 6 years ago. I suppose the major boo-boo in the new system was indeed, as my colleague has rightfully pointed out, the bulk mail system. That was launched under the first Postmaster General under the new system, Winton Blount, and the commitments and the contracts were made.

It was a gamble; it was an estimate. It was an estimate made by the private sector, and it turned out to have been a wrong guess. It was a sincere guess, a sincere estimate, but I think it did not work in the dimensions that had been envisaged. The GAO said so. But they also say that the responsibility of the Postal Service is so much larger than the handling of packages, many billions of pieces larger, that it is important that in our frustration over something that went wrong we not throw out the baby with the bath. That was their final conclusion.

The GAO puts its finger on something else that went wrong in the Postal Service. They did not need to tell us this, but they were able to authenticate the impression that most of us have. That is that a lot of mail was not getting where it was supposed to go; that more mail than before was failing to get where it was supposed to go. They analyzed why. The why was the explosion in the volume of mail between 1964 and 1970, a volume of mail that jumped by billions of pieces; that broke down the Chicago Post Office. That had nothing to do with postal reorganization. That was under the old system. It had already begun to happen because of volume.

In an attempt to cope with the volume problem, one of the changes in the new system was mechanization in the sorting of mail, machines to replace hand sorting. The machines are vast keyboards, as those who have visited these installations will discover readily, but operated by a human being. The missent, missorted mail jumped from about 1.5 percent error when sorted by humans to 5 to 6 percent error with the machines. Why? Because this was a new and sophisticated technique, and the training of new personnel to operate these master keyboards without human error was a rather torturous process. It has made a steady improvement ever since, just as even McGee makes an improvement in trying to operate a typewriter. I have my words per minute now up to 38. I used to be only 20. If one practices, he gets better.

That is precisely the problem here. They say the 5 to 6 percent error in sorting mail constitutes the larger segment of the popular headache with the Postal Service. What is their conclusion about it? Their conclusion is that "Without the introduction of mechanized sorting there would have been worse mail service because of the avalanche of volume, sheer volume, that would have buried the whole country's mail service as it buried the system in the city of Chicago."

That is a real problem.

It is nice to gloss over and forget that ever happened, and tell us what to do about the Postal Service now. The point is something is being done about the Postal Service in a way that can lead to lasting gains.

The error incidence has been falling at steady, regular intervals since the institution of the sorting machines. They still have more machines to put in. Many post offices have old plants that cannot absorb machines of that dimension. Those changes are still underway.

It simply says that each one of those changes is basic to the success of the system, and points steadily toward a lowering of the incidence of errors.

I remember Fred Kappel, who used to be Chairman of the Kappel Commission, who was appointed to recommend dimensions for reorganization of the Postal Service back in the 1960's. He was chairman of the board of "Ma Bell."

He was always prone to say two things: First, what an education it had been to him to get involved in the Postal Service of the United States. He recognized that it was a bigger and more complex problem than any private business had ever had to undertake, with a complete dimension of its own. I think it is well that we keep that in mind.

And he said one other thing. He said, "You know, with the volume of mail that we have in this country, we deliver more mail in America than all the rest of the world added together." Sheer volume: almost 90 billion pieces. He said, "If you have a 5-percent error"—which he said would be a very efficient system in the private sector—"you have 4.5 billion mad people because something did not arrive on time, did not arrive at all, arrived damaged, or whatever it was; but the percentage of performance is still incredibly high."

I can recite, along with my friend from South Carolina, all these headaches, and we have plenty of headaches. But the point, Mr. President, is that we are going to have a lot more headaches, we are going to have a whole mass of pains and aches and disasters, if we start tampering with an institution that is methodically building a more effective and efficient system.

We have gained a lot in 5 years. We have learned more in 5 years, and we have a great deal more yet to learn. But I say that, as we can gather by looking around this magnificent Chamber, we are not going to learn it here on the floor of the Senate, and this is no way to be engaged in a restructuring of the postal system of the United States. Responsibility alone, election year or no election year, requires that we take this issue very seriously.

The GAO's final conclusion on that 4-year, 200-man-year study, had two other significant findings. First, how do we compare in our nationwide postal system, in first-class rates, with the rest of the world? It is very interesting. There are few places that have a lower first-class rate than the United States. One is Canada, where they have one major railroad all along the border and have all the mail fanning out from that particular central spine; and the rate is lower in Canada when they deliver the mail. They did not deliver any mail for several weeks last year because they had another problem. No mail was delivered; but that is an alternative, to go to the Canadian system.

Another nation with a lower first-class rate is the Soviet Union. We are told that you can send a first-class letter in the Soviet Union for a nickel, every time they decide to deliver. So you can go there if you want a better postal system.

But the GAO's final conclusion is that among the more advanced countries of the world, those where we can get into the country and examine the details and take their records and make an evaluation, the average first-class stamp costs 21.5 cents.

Their conclusion was that a 13-cent stamp was a very fine bargain in these inflated times. That leaves out the human factor of the problems that may cause individuals of very low income, and we are not unmindful of that; I am simply trying to place this whole picture in perspective, Mr. President.

We have one of the lowest cost first-class mailing operations in the world, in which the operation is measurable in any way or in any significant dimension. But the second conclusion they reached ought to be of great interest to our colleague from South Carolina, because it addresses itself to the manpower input, the per-man-hour input into the product that comes out. The conclusion was measured in the only common denominator in which it could be measured: How many pieces of mail were carried or delivered, and how many people did it take to do the job?

The conclusion that the GAO reached was that in the United States it took 8,000 man-years—that is, 8,000 men working for a year each—to deliver 1 billion pieces of mail. You interpose that

in our total volume, and you get the dimension of the employment force in the Postal Service—a little under 700,000.

But the next most efficient system in the world, which was Switzerland, had 11,000 man-years for the delivery of each 1 billion pieces of mail, and the next was 13,000, the next 14,000, and the next 17,000.

What I am trying to say is that the per man input into the system in this country was the lowest in the world.

Before we get all carried away with our rhetoric and our exacerbation, let me say, Mr. President, that it is time we recognized that the vast dimensions of our Postal Service requirements make it almost a one of a kind system. In terms of our fellow beings around the world, we are very lucky people. It is not good enough for us, because we demand perfection, and that is why we will continue to harangue and haunt the Postal Service of the United States. It is everybody's fair game; when you run out of issues, you can always berate the Postal Service and get a very warm response back home. We have all found that out. If you have a hard time getting a good punch line, take a crack at the post office. That is the standard formula in this election year.

Election shenanigans and fun and games are one thing; but the responsibility for an ongoing Postal Service without interruption is quite another thing. That is why it imposes upon us in this body a special responsibility as we ponder what to do.

My friend from South Carolina put together a package of proposals on this. He has given a lot of thought to it. So have a lot of other people—a great many other people—and there are many views and many different approaches. That is why it is imperative that we sort this thing out. That is why we seek to put together the best that human beings can contrive, in order to make the system work better. And we are not going to be able to do it here on this floor, or in the remaining days of this session, in an atmosphere that is charged with sharp political overtones.

Our colleague from South Carolina has included in his proposal what used to be the so-called Alexander amendment—it is now the Alexander-Hollings amendment—that would return the annual funding of the Postal Service to the Congress.

Now, that is a very appealing proposal, until you begin to examine its consequences; but one of the basic changes in the Postal Reorganization Act was to get it out of the uncertainty of annual appropriations, for one reason: No good management could plan with confidence on capital investments or plant replacements, or updating a system that was rapidly running into the ground like the old "one-hoss shay." You have to be able to knowingly plan ahead, which cannot be done without knowing what the congressional appropriation will be this year; and what the appropriation was each year was an attempt to try to pare it down as much as you could get by with for 1 more year, and that meant that we always cut out of it the requests for funds for post office plant improvement, for building new postal facilities and this sort of thing. And a very heavy proportion of the postal physical plant was as much as 50 years out of date at the time that reorganization got underway.

We are returning to a funding approach that courts that kind of disaster once again. We have been there, Mr. President. We know the cost of that. And we have to do something better.

The Hollings proposal does not. It only aggravates that particular approach.

And with a very telling point my friend from South Carolina said:

> We have to put the Postmaster General back in the Cabinet of the President because this Postmaster General could not even get in to see the President of the United States after he tried eight times in telephone calls.

He was referring to the new Postmaster General, Mr. Bailar, the present one.

Let me say to my friend from South Carolina that Mr. Bailar did get in and he was able to see the President of the United States in a very meaningful way for one reason: Because the Postmaster General of the United States is an independent public officer heading this massive public agency. Because of that he dared come before this committee of the Senate and say, "I cannot get through; they would not receive my call." And it did not take very many hours before there was a call once this was made public. The independence of judgment of the Postmaster General is a very important ingredient in this new operation.

Senators know, with all the great respect that we attach to the Postmaster Generals that we have under some of our fine Democratic administrations, that was kind of their secondhand job. They invariably were assigned much larger jobs from the standpoint of the party in power, whether it was the Democrats or the Republicans. They were charged with political appointments, with loading the Postal Service with all of the people for whom sometimes they could not find any other place, with advising the President on political judgments, and with sharpening the President's political capabilities around the country. This was true as to both parties. The Postmaster General spot in the Cabinet was specifically an activist political role, not a management operational role for a very massive service.

Therefore, I think we ought to go slow on that. My colleague thinks that is going to solve that problem, and we have an understandable and a sincere difference on that, but it again says that is why we should not be jumping at this and throwing it out with a swing of our arms, saying this is going to be the answer. We need to work the will of Congress in thoughtful and carefully examined ways as soon as we get back. That is the essence of the difference.

I am concerned about the patchwork aspects of my colleague's plan. He started out with the Alexander amendment, having Congress appropriate annually all the money, and there was so much flak that came up from that for one basic reason: Because that would impugn the integrity of any collective bargaining negotiation between management in the Postal Service and the work force under the Postal Service. One of the great reforms in postal reorganization was the first workable case of collective bargaining. That was a major breakthrough, and it has worked effectively. Oh, I notice that much later in one of his later versions of his bill, to accommodate to all the flak that was flying around all of us here, he added a little paragraph later on in his bill that said nothing in this bill shall be read to contradict or impugn the rights of collective bargaining.

Well, Mr. President, what kind of mishmash is that? Congress either can appropriate the money, in its own wisdom, or it cannot. Or they can collective bargain or they have to wait and see what Congress says first. I say it is important that we cut clean the separation from this appropriations uncertainty and the right of collective bargaining.

I think it is worth noting that after the first two sitdowns in collective bargaining—the third one occurred last year—and that collective bargaining agreement was held up by this administration, this President, as an example to the private sector of responsible collective bargaining agreements between management and labor.

What I am saying is it has come a long way and it is very responsible. But these same workers who have bargained collectively with a great sense of responsibility are now deeply disturbed by the implications of my colleague's proposed substitute for the compromise bill. And that is why they have gone on record against his bill, and I say it is time again that we set the record straight. My colleague did not intend to misrepresent it.

I received a letter which was hand delivered to me special this morning from the Rural Letter Carriers saying that they did not appreciate being misrepresented yesterday as having been in support of the Hollings bill. They are not in support of it. They oppose it. The same thing came from the Letter Carriers, one of the largest of the unions in the postal system. The same thing came from others in this sector, including the postmasters. To have it said of the postmasters of the United States, NAPUS, the National Association of Postmasters of the United States, that they supported the Hollings bill, turned out fury that was delivered through my telephone system overnight, and they want the record repeated here today that they oppose the Hollings amendment and that they believe that the compromise bill is the only one that can hold us together until we reexamine the much larger and complex picture more carefully in the spring.

I could recite all other groups, but I need not repeat that which we talked about yesterday. I simply say that the misgivings in many significant parts of our country about a quickie approach to the changes here envisaged or proposed ought to give us pause and slow us down just a little bit in order to try to be responsive.

Mr. President, the last of the points I want to make now is that the proposal of my distinguished colleague from South Carolina, with all of its sincere intentions, will produce a Presidential veto. Then we are back at square one. And we have every chance to do it the right way in February, March, April, whatever it is, as Congress works its will once the report is submitted to the White House and to the two bodies of Congress.

Much fun has been had with another blue ribbon commission. Well, there are commissions and then there are commissions. Sometimes we have them running out our ears. But there is a rather strong and abiding belief that a carefully selected group of experts from many levels could render a public service under the gun, as it were, with the heat of the calendar keeping them in action, and that is the reason that they put a terminal point of mid-February on such a commission report.

Mr. President, you and I have been through many commissions, I am sure. We appoint a commission for 2 years. We spend the first year appointing the commission, the next 6 months deciding what the commission is going to study, and the last 6 months the commission gets down to business.

We want no delays of that type. This problem is too large and the urgency of wiser solutions hangs too heavily over us to play that kind of delaying game again. That is why the time fuse was added to the proposal. But at the same time we put in this compromise bill an agreed upon moratorium on the existing Postal Service with the administration downtown accepting the $1 billion defrayal of some of the postal deficits.

It does not defray it all.

I do not know where my colleague got the $8 billion number he is playing around with as a deficit. It is bad enough to be $2 billion or $3 billion. It happens to be $4.5 billion in 1977. But that is neither here nor there. It is all horrendous. After you get past a million dollars, it gets to be pretty impressive stuff.

The basic concept that I believe to be present now is the concept of what a Postal Service of the United States should be. It should be service. It can benefit from the expertise of improved management techniques, but that never should be confused with a private business or with profitmaking.

With the expertise of good management to tighten the operation, the know-how to address itself to this impressive volume of mail responsibility, I think it is impressive that we put into the new system a floating subsidy quotient, I should say, to allow for future inflationary periods, because that is what cuts into the present subsidy so severely. We nailed the subsidy to $920 million in reorganization; $920 mililon is about only 50 percent of that proportion now, in 1976. Yet, it is still riveted at $920 million.

Somewhere along the line, we should be able to arrive at a wise formula for what that percentage should be in the postal budget. How much is it worth to the Government of the United States to have a nationwide postal system as envisaged from its inception, a system, as George Washington said, that would be a chain binding our country together, a postal system that in some 25,000 of the 30,000 postal communities is the only symbol of the Government of the United States, with the flag above it?

This says a great deal for a country as widely scattered as ours, as deeply diversified as ours, and as geographically separated as ours. It means something. I think it is not without point that no other postal system in the world is not a government monopoly, and we should not forget that.

Mr. FONG. Mr. President, will the Senator yield for a question?

Mr. McGEE. I am happy to yield.

Mr. FONG. It has been said that United Parcel Service has a more efficient operation. Does United Parcel deliver parcels everywhere in the United States?

Mr. McGEE. The United Parcel Service has been a very efficient service in the areas that it has creamed off, because they are able to take the best of the returns they can get, at a price that others are willing to pay for it. I think they have been a good yardstick for comparative purposes. But, no, they could not deliver parcels at all the corners of the land.

Mr. FONG. Does United Parcel, for example, use the Postal Service in its operations?

Mr. McGEE. The United Parcel Service has used the Postal Service occasionally. United Parcel, for example, was not delivering any parcels this spring because they were struck.

Mr. FONG. What about a little town in Wyoming?

Mr. McGEE. It is easier to use parcel post than it is to deliver it themselves in many cases. I am told it has been done.

Mr. FONG. In other words, it is like an airline. An airline is required by the Government to service various cities. United Parcel is not required, like an airline, to service every city, every little town, every little village. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. Whereas, the post office must go into the little towns and see that mail is delivered and mail is collected. That is part of the public service charge to which we are now alluding.

Mr. McGEE. That is correct.

Mr. FONG. $920 million was the amount that the Government was appropriating at that time as part of the deficit in running the post office.

Mr. McGEE. Indeed. The Senator makes a good point.

What it really says is that what United Parcel is engaged in is not what the responsibility of the Postal Service of the United States is. They are two entirely different things.

Only 2.8 percent of United Parcel's business in 1975 was generated by casual telephone calls from somebody who wanted them to pick up a package, or who walked in with business. The bulk of it is commercially generated from businesses, piled up in one place, and they get it out and move it on.

So it is a misleading analogy to draw the comparison to United Parcel. United Parcel does good work in its own way and in its own place, but it is not the Postal Service of the United States. They do not even pretend to assume the responsibilities of the Postal Service of the United States. It is a wrong analogy to draw in regard to the Postal Service.

Mr. FONG. Would it be like a carrier picking out good paying cities and flying its airplanes to the big cities and leaving out the small cities?

Mr. McGEE. Yes. That is the real effect of the profit incentive. You are not trying to go into the hole. You are not trying to lose money. If you are going to give the responsibility that the Postal Service has to meet, you cannot penalize an individual because he chose to live in Spotted Horse, Wyo., because that happens to be quality living.

Mr. FONG. The law requires that the Postal Service serve every individual in our country?

Mr. McGEE. Every individual.

Mr. FONG. Wherever he lives.

Mr. McGEE. No matter what the geographical location may be, without penalty.

Mr. FONG. Is it not a fact that under the present law, the postal committees and Congress still have oversight with respect to the Postal Service?

Mr. McGEE. Indeed, they do. Both Post Office Committees, in the House and the Senate, have that oversight responsibility.

Mr. FONG. So if the Committee on Post Office and Civil Service wishes to investigate the various criticisms that have been put forth by the distinguished Senator from South Carolina, it can do so.

For example, the distinguished Senator from South Carolina says that there is excessive space, that there has been excessive cost in building facilities, that competitive bids have not been given out, that high consulting fees have been made, and that there has been falsification. If Congress wishes to investigate that, it has the oversight power to do so.

Mr. McGEE. Indeed, it has.

Mr. FONG. It need not throw out the whole postal organization.

Mr. McGEE. That is right.

Mr. FONG. It need not throw out the whole system we have, in order to do that.

Mr. McGEE. That is correct.

Mr. FONG. Is it not a fact that some of the complaints that have been generated against the Postal Service have been caused by the misdirection of mail and the slowness of mail?

Mr. McGEE. That is where at least the burden of the explosion comes from.

Mr. FONG. And some of the criticism against the post office has been because of the closing and consolidation of post offices.

Mr. McGEE. That is correct.

Mr. FONG. One of the big criticisms against the post office is that there have been deficits. Is that correct?

Mr. McGEE. That is right.

Mr. FONG. Is it not correct that as of June 30, 1976, the operating debt of the Post Office was $1.5 billion?

Mr. McGEE. Yes, that is correct.

Mr. FONG. Is it not a fact that the rate-making process was so delayed because this was a new venture, that it took a long time, 17 months and 23 months, to have two rate decisions by the Postal Rate Commssion?

Mr. McGEE. Yes. The delay was due to the newness of the Rate Commission rather than to the mechanism.

Mr. FONG. Is it not a fact that if the rate had gone into effect at the time it was requested, there would be a recovery of $1.4 billion?

Mr. McGEE. Yes. There would have been a very slight deficit—very slight—almost operating in the black.

Mr. FONG. About $100 million.

Mr. McGEE. That is correct.

Mr. FONG. Almost operating in the black.

Mr. McGEE. That is right.

Mr. FONG. So the deficit could have been alleviated if we had had a prompt rate-making process and the Commission did not have to go through the long, tedious process of trying to look into every phase of the problem before it arrived at its decisions.

Mr. McGEE. The Senator is absolutely right.

Mr. FONG. Is it not a fact that inflation, rising labor costs, and very much higher oil costs within the last few years, have driven the cost of the organization to a point where it has created this difference?

Mr. McGEE. Indeed, it did create the difference. I think it is important there that we put the finger on why. Inflation hit everybody. It did not just pick on the post office; it hit everybody. When it hit General Motors, they raised the price of their cars to cover the inflationary costs. When it hit the big food chains, they closed down some of their stores to meet the capital flow needs that inflation imposed on them. But the post office can do neither of those things. The post office has to keep plugging along every day. They do not have the option that those other corporations have.

Mr. FONG. If they close down, they must give comparable service.

Mr. McGEE. Right.

Mr. FONG. If they consolidate, they must give comparable service.

Mr. McGEE. That is right.

Mr. FONG. Naturally, when you close down a post office, you are going to have a postmaster protesting.

Mr. McGEE. And whomever he gives service to. But recently, we have had an operation that has been surprisingly effective. The Postal Service, in the last 6 months, has been consulting in very small post office areas with the mail users in that area to examine whether there was not a better or at least equal alternative in order to save a little money. They found the constituents ratifying that proposal. The old post office that no longer served, because it probably had been encompassed by suburban sprawl that had developed around what used to be a little rural area, had gotten out of date.

We had a case like that in Ryan Park, Wyo., a very proud little rural post office. The citizens there decided they would get better service with a carrier from the nearby community than the service they had been getting before. They were mindful of the importance of every little rural post office to the community as a whole. I think the Senator from West Virginia, who is not able to be here this morning, made an excellent point on that. Rural America needs these rural post offices. But I think they need them wisely.

Under the old system as well as the new, the average closings of rural post offices has remained at a fairly constant figure—170 to 185, usually no more than 200 a year. This was under the old system. Because they found the population shifting, they found capabilities improving. This is always ongoing. It is not something invented recently.

Mr. FONG. The postmasters welcomed consolidation.

Mr. McGEE. Some of them, yes.

Mr. FONG. And, of course, some do not want it. Naturally, for those who do not want it, we are going to have them writing to their Congressmen or Senators and objecting.

Mr. McGEE. I think that is understandable. We would probably do the same thing.

Mr. FONG. The majority of the 30,000 postmasters were appointed by politics.

Mr. McGEE. Yes.

Mr. FONG. Whereas, since the postal reorganization, they have been appointed by the Pcstal Service.

Mr. McGEE. It has created a career opportunity within the service that is an invaluable factor. But that invaluable factor of career opportunity is hinged to the independence of the agency, not by linking it again to the ups and downs of the political climates in the Congress and the White House.

Mr. FONG. Is it not a fact that the reason we went into the postal reorganization in 1970 is that Congress was unwilling to appropriate approximately $6 or $7 billion which was needed for capital improvement?

Mr. McGEE. It was needed for post office building improvement, acquisitions, capital investment. Congress was unwilling to do that because they could put that off to next year and, therefore, appear to be coming closer to balancing the budget, at the cost of deteriorating facilities.

Mr. FONG. Every year it fell into another year?

Mr. McGEE. It fell sadly behind.

Mr. FONG. Until the postal system became sadly in need of new post offices, new machines.

Mr. McGEE. One of the burdens of this new postal system was that they had to address themselves to an accumulated problem over the past 20 years or so all in one year or 2 years, or try to.

That was an excessive burden at the time. They have had to catch up to where we are now and that pace is going to be rather vigorous for a few more years.

Mr. FONG. Some of the borrowing made by the Postal Service is for capital improvements?

Mr. McGEE. Exactly.

Mr. FONG. As of June 30, 1976, the Postal Service borrowed $1.5 billion for capital improvement?

Mr. McGEE. That is correct.

Mr. FONG. It is anticipated that the Postal Service will borrow around $10 billion because we——

Mr. McGEE. They have that authorization.

Mr. FONG. To borrow up to $10 billion?

Mr. McGEE. For capital improvements, yes.

Mr. FONG. So there is a difference between what is owed under operating expenses and what is owed under capital improvement.

Up to $5 billion, up to June 30, 1976, was borrowed to build facilities or buy machines, which were not operating expenses.

Mr. McGEE. It is capital investment.

Mr. FONG. Whereas the operating expenses were $1.5 billion in debt.

Mr. McGEE. That is right.

Mr FONG. If we had gotten that rate increase in time, we would have been able to wipe out that $1.5 billion deficit?

Mr. McGEE. The Senator is correct.

Mr. FONG. So, from the standpoint of financial responsibility, financial soundness, the operating side of the postal system is not bad.

Mr. McGEE. That is correct.

Mr. FONG. Due to the fact that it could have been made whole if we had gotten that rate increase.

Mr. McGEE. Yes.

Mr. FONG. Because we did not get that rate increase on time, we are now saying that, since it was our fault, we want to provide the Postal Service this $1 billion to take care of part of that?

Mr. McGEE. That is correct.

Mr. FONG. Is that not the logic of it?

Mr. McGEE. That is the logic of it.

Mr. FONG. Is it not a fact that the Postal Service has reduced the number of employees?

Mr. McGEE. It has indeed.

Mr. FONG. Since the postal reorganization went into effect, in fact, it has reduced employees by 60,000, is that correct?

Mr. McGEE. 65,000, I am told.

Mr. FONG. It was approximately 730,000 when the postal reorganization went into effect, and now it is around 670,000?

Mr. McGEE. 665,000.

Mr. FONG. 665,000.

Mr. McGEE. They have been reduced by attrition.

Mr. FONG. If we had not mechanized the post office, we would still have the 730,000 employees?

Mr. McGEE. That is right. Mechanization has made it possible gradually to reduce the numbers through attrition, so that nobody loses these jobs, but a job was not filled in those areas where the mechanization made it possible for fewer individuals to produce a much larger volume of work.

Mr. FONG. And together with the reduction of the number of employees by 65,000, we lessened the number of post offices by about 1,300.

Mr. McGEE. Over that total period of time.

Mr. FONG. And that has been a saving of around $671 million a year?

Mr. McGEE. That is correct.

Mr. FONG. Over the 6-year period, it

will be a $3.355 billion saving, which would have been a charge against the post office had we not——

Mr. McGEE. And a charge against the Congress of the United States, which we would have had to be bailing out.

Mr. FONG. Had we not gone into mechanization.

Mr. McGEE. That is correct.

Mr. FONG. Let us take the problem of mechanization. We have these bulk mail centers, 21 of them.

Mr. McGEE. Right.

Mr. FONG. To have the most efficient operation of a bulk mail system, you have to have volume.

Mr. McGEE. That is essential, right.

Mr. FONG. Therefore, you funnel all of the parcels into this bulk mail system. For example, suppose there is a post office in this small town 5 miles from another small town. Instead of taking the mail from the first town to the second town, which could have been done in, maybe, 20 minutes, you send it to the bulk mail center.

Mr. McGEE. Yes.

Mr. FONG. So the parcels can be gathered together mechanically and distributed. It may sound ridiculous, but it is not ridiculous.

Mr. McGEE. Well, that is the whole theory behind it. It does produce some freakish cases, but it did before. Under the old system, when they did not have the advantage of mechanization, when they got stacked up with a little too much mail, they would put the mail bags on the train and send it to the Pacific Coast. By the time it got back there, the jam was relieved. But that was going on all the time. This is designed to alleviate that kind of problem happening again.

Mr. FONG. You have to have that kind of problem, because you cannot run a big bulk, efficient mail service through machines without trying to get all that mail in.

Mr. McGEE. That is right.

Mr. FONG. So that when you send it back there, any man can say, why, you travel 100 miles for a 5-mile delivery of a piece of mail. That sounds ridiculous, but it is not ridiculous.

Mr. McGEE. The time lapse on the average mail delivery has been cut considerably in these last 6 years, overall. It is the ones that go wrong that we hear about. But on the overall average, the time has been cut, first by a much larger use of aircraft and, second, by overnight deliveries, by truck and whatever other means is immediately available. This has stepped up the delivery capability.

Mr. FONG. In that regard, the post office handles approximately 89 billion to 90 billion pieces of mail a year, is that correct?

Mr. McGEE. That is correct.

Mr. FONG. If 5 percent of the mail are missent, that means 4.5 billion pieces have gone haywire.

Mr. McGEE. That means how many letters you and I get every year from people who are mad at us?

Mr. FONG. We do not get a million complaints.

Mr. McGEE. It seems like it some days.

Mr. FONG. But it seems like it with everybody yelling.

Mr. McGEE. Yes.

Mr. FONG. If the post office was 99 percent efficient, it would still have——

Mr. McGEE. Almost 1 billion.

Mr. FONG (continuing). 900 million pieces of mail going haywire.

Mr. McGEE. Yes.

Mr. FONG. With millions of people yelling, you can see the criticism generated against the post office. But actually it has been doing a good job.

Mr. McGEE. It has been doing an improving job. I guess it is good compared with perfection.

Mr. FONG. But it is not perfection.

Mr. McGEE. But it is steadily improving. With all of the things going wrong, it is making a steadily improved work record, delivery record and management record, and these are important yardsticks by which to judge it.

Mr. FONG. The post office has set for itself a standard by which it delivers its mail. The standards established by the Postal Service:

> For delivery of qualified first-class mail (stamped, zip coded and deposited prior to the last mail pickup, generally 5 p.m.) are as follows: Overnight (except Sunday) delivery within local areas, usually meaning a city's metropolitan area; 2-day delivery within a 600-mile radius, and 3-day delivery to all other areas.

Mr. McGEE. Yes.

Mr. FONG. I understand that since these standards were established, overnight local delivery has consistently been achieved for 95 percent of that mail.

Mr. McGEE. That was the last reading that we were advised of was about 95 percent.

Mr. FONG. Yes.

I understand that the cost of mail in the United States is much, much lower than all of the developed countries except Canada.

Mr. McGEE. Canada has a lower rate when they deliver the mail, as I suggested earlier.

Mr. FONG. Yes.

Is it not correct that a first-class letter which is sent through the post office in the United States costs 13 cents?

Mr. McGEE. 13 cents.

Mr. FONG. The cost for a first-class letter in Australia is 22.9 cents.

Mr. McGEE. That is right.

Mr. FONG. In Belgium it is 16.7 cents; in Canada it was 8 cents. The post office people went on strike; the first-class letter rate is now higher in Canada.

Mr. McGEE. It is 10 cents now, I believe.

Mr. FONG. 10 cents.

Mr. McGEE. I think it went up to 10 cents.

Mr. FONG. Canada is the only developed nation which has a first-class letter rate lower than the United States.

Mr. McGEE. Yes, I believe that is correct.

Mr. FONG. Ours is 13 cents and theirs is 10 cents.

France is 18 cents; Japan is 16.6 cents.

Mr. McGEE. And going to 18 this next month, I am told.

Mr. FONG. Going to 18.

Mr. McGEE. Yes.

Mr. FONG. The Netherlands 20.7 cents; Sweden 23 cents; and Switzerland 15.5 cents; the United Kingdom 17.3 cents; and West Germany 19.5 cents.

Mr. McGEE. That is correct.

Mr. FONG. So compared with these countries we are getting cheap mail; is that not correct?

Mr. McGEE. That is correct.

Mr. FONG. Except for Canada.

Mr. McGEE. That is right. And I mentioned earlier the Soviet Union, so they can move to the Soviet Union if they want a cheaper rate. Again they deliver almost every month there.

Mr. FONG. The efficiency of the people in the U.S. Postal Service has increased.

Mr. McGEE. The efficiency has markedly increased.

Mr. FONG. In 1967 to move 78.4 billion pieces of mail required 115,952 pieces per man-year.

Mr. McGEE. Right.

Mr. FONG. In 1970, it was 116,930 pieces per man-year, and in 1973, it was 131,079 pieces per man-year. It continues to be more efficient; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. So, all in all, with the Postal Service having operated for only 6 years, with the tremendous amount of work it has to handle, with the complexity of the system, with the conditions it found itself in at the time of reorganization in 1970, it has not done badly.

Mr. McGEE. It has done better, let us put it that way. It is constantly and steadily improving.

Mr. FONG. Yes. Instead of picking on the postal system, we should give it all the cooperation we can. Why should we with one fell swoop of the Hollings amendment eliminate the postal organization as we have had it for the past 6 years?

Mr. McGEE. I think former President Kennedy had a very excellent way of putting that. He said, "Out in the West there is an old expression that ought to give us pause and that is we never take down a fence until we find out why it was put up in the first place."

Mr. FONG. Yes.

Mr. McGEE. Instead of running around wrecking the fences, let us try to do that in an orderly way and measure it.

Mr. FONG. Because we were in that jam, in that trouble——

Mr. McGEE. Right.

Mr. FONG (continuing). Because we saw the mounting amount of mail coming in, because we saw the increasing costs and increasing subsidies, we thought this postal organization should go into effect.

Mr. McGEE. That is right.

Mr. FONG. And we pushed it through in 1970. We have given it 6 years of experience, and in the 6 years of experience we find we have reduced the number of men in the post office by 65,000; we have reduced the number of post offices by 1,300; we have increased the efficiency of our people working in the post office, and they are getting a higher salary than they had been.

Mr. McGEE. They have a career opportunity now, really a career. They do not have to wait to see who wins the next

election to find out whether they still have a job.

Mr. FONG. The Congress of the United States still has the oversight power.

Mr. McGEE. Yes.

Mr. FONG. So we need not destroy the postal system by saying "Bring it back to the Congress," where we are going to have a lot of politics and we will be reverting to the old political system, aside from and except that we will not——

Mr. McGEE. The Senator from Hawaii has stated it very well.

Mr. FONG. Except that we will not appoint the postmasters.

Mr. McGEE. Yes.

Mr. FONG. So I believe we should give it all the help we can. We should provide them with the $1 billion that we have in this bill—$500 million this year and $500 million next year to reduce the $1.5 billion deficit that it was operating under as of June 30, 1976, and where if the Postal Service had been given the rates they had asked for, the $1.5 billion would not have existed.

Mr. McGEE. That is absolutely right.

Mr. FONG. From that standpoint I think this bill is very reasonable, and I think it should pass, and this amendment should be defeated.

Mr. McGEE. It is not only reasonable, I think what is even more it is responsible because it is the best we can do in an election year when everybody is busy doing other things. The continued reform of the Postal Service and the upgrading of it ought to become a full-time job.

Mr. FONG. Before we enacted the Postal Reorganization Act, we had a lot of hearings.

Mr. McGEE. That is right, hours and hours and hours.

Mr. FONG. Hours and hours and days and days of hearings.

Mr. McGEE. Right.

Mr. FONG. Hearing from all of the interested parties.

But we have not had an hour of hearings on the Hollings amendment, which would wipe out the Postal Reorganization Act we enacted.

Mr. McGEE. That is right.

Mr. FONG. So before we do anything along that line we had better listen, we had better call hearings, we had better ask the people who are interested in this operation to come in and testify.

Mr. McGEE. Right. It is not a matter now of trying to measure what is popular on the spur of the moment——

Mr. FONG. Yes.

Mr. McGEE (continuing). —or what people are crying for. It is a matter of trying to move with a sense of responsibility. That really is the key.

Mr. FONG. Well, here you have an operation that takes into its coffers $15 billion and spends $15 billion. This is a tremendous corporation from any standpoint.

Mr. McGEE. Right.

Mr. FONG. And by one little amendment coming in at this time, without any hearings, with no interested parties taking part in the hearings, we say, "Let us wipe it out." Is that fair?

Mr. McGEE. That is not only not fair, it is very, very unwise and irresponsible. I just cannot see a legislative body such as ours, the greatest deliberative body in the world, some cliche——

Mr. FONG. And not to deliberate on this.

Mr. McGEE. Not to deliberate on it would be a most serious blunder.

Mr. FONG. Because deliberation consists also of hearings.

Mr. McGEE. Indeed it does.

Mr. FONG. Long hearings.

Mr. McGEE. Indeed it does.

Mr. FONG. Detailed hearings.

Mr. McGEE. So that all sides, not just my side, but so all sides can be heard.

Mr. FONG. Right, because this is a very complex and very serious issue.

Mr. McGEE. Right.

Mr. FONG. And should be debated, should be heard. All of the witnesses should come in and we should listen to them and hear what they say to us.

Mr. McGEE. That is precisely the procedure that was envisaged in the creation of this body, and that is why it ill behooves us to try to put the whole system to the very careful thought and study.

Mr. FONG. I thank the distinguished Senator from Wyoming.

Mr. McGEE. I thank my colleague, the ranking minority Member on the committee. He has always been extremely searching in his examination of the postal problems. He has been a tower—I guess the proper word is statesmanship—on that committee.

Mr. FONG. I thank the distinguished Senator, my distinguished leader, for the very laudatory remarks.

Mr. President, I ask unanimous consent to have my two statements printed in the RECORD at this point.

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

WHY THE HOLLINGS SUBSTITUTE FOR H.R. 8603 SHOULD BE DEFEATED

Mr. President, I rise to oppose Amendment No. 2201 offered by the Senator from South Carolina (Mr. Hollings) as a substitute for H.R. 8603, the Postal Reorganization Act Amendments of 1976.

On June 11, during the markup of H.R. 8603, Senator Hollings submitted an amendment substantially the same as the one now before the Senate, and the Committee overwhelmingly rejected it by a vote of 6 to 2. His amendment had its day in Committee and has been turned down.

The amendment should be defeated now just as it was in the Committee. It has a number of basic defects which make it unacceptable. I will discuss these points later but, first, I shall set forth the fundamental reasons for my very strong opposition to the amendment.

OBJECTIONS TO THE SUBSTITUTE BILL

The Hollings substitute bill, if enacted, would destroy the entire fabric of H.R. 8603. H.R. 8603 was woven together as a compromise bill.

It is a bill carefully and thoughtfully put together, piece by piece, after long hearings and difficult negotiations.

The Chairman of the Senate Post Office and Civil Service Committee, the distinguished Senator from Wyoming (Mr. McGee) labored for months to write a bill which could be accepted by the Committee and also by the House Committee leadership, the Postmaster General, the Office of Management and Budget, and the White House.

The separate and often opposing points of views of the parties had to be resolved. This took time, patience, and a spirit of conciliation and cooperation among the participants. As a participant myself, as the ranking Minority Member of the Senate Committee, I can attest to the hard bargaining and difficult discussions that were necessary to bring about a meeting of the minds on the bill.

Having developed a bill acceptable to the principals, those who worked on the legislation realize fully how necessary it is to keep it intact and how difficult, even perhaps impossible, it would be to develop another proposal acceptable to all parties concerned, if H.R. 8603 were to fail of enactment now. It cannot be amended in any substantive manner if all parties to the agreement are to remain committed to the bill.

SUBSTITUTE BILL WOULD DESTROY H.R. 8603

The Hollings substitute has been described as a "wrecking bar" approach to attacking postal problems. It would indeed wreck the agreement reached on H.R. 8603. If approved, the substitute amendment would undercut and destroy H.R. 8603.

The Hollings proposal is a radical departure from the present system created by the 1970 Postal Reorganization Act. I am not against changes but I believe they should be carefully and thoroughly studied before being adopted.

The substitute proposal goes far beyond emergency financial assistance for the Postal Service. It would discard the present method of handling postal revenues and spending, and would install an entirely new system on a permanent basis. It would abolish the Board of Governors. It would change the method of appointing the Postmaster General and his Deputy. It would revamp the organizational structure and salary levels of the top postal executives.

All these changes would be brought about with one broad sweep of a piece of legislation which has had only the most cursory consideration by the Senate committee involved. No hearings have been conducted in the Senate on this far-reaching proposal. No witnesses have been called to testify.

I, for one, would like to hear the views of the people and organizations vitally concerned with these sweeping changes. How do they feel about this substitute bill—the Postmaster General and the postal management; the postal union leaders and their rank and file; the mail users across the country; the White House and the Office of Management and Budget?

If we are going to change the Postal Service in significant ways, let's do it with the benefit of full hearings and full consideration.

The Administration has made it clear it will not accept any bill which makes basic changes in the Postal Reorganization Act at this time. It is strongly opposed to the Hollings proposal.

The Administration's views on postal legislation have been outlined by the Office of Management and Budget to the Chairman of the Senate Post Office Committee. Briefly, its position is that "Since the (study) commission is to look into the basic problems facing the Postal Service, there should be no changes in the Postal Reorganization Act which preempt the Commission's review of current postal policies or changes which compromise the independent status of the Postal Service by placing restrictions on postal operating flexibility that are unacceptable to the Postmaster General."

The Hollings substitute is opposed also by the Postmaster General.

Since the substitute bill invites a veto, can a veto be overridden? There is scant possibility of such an action. Congressional committee leaders of both parties in the Senate and the House are committed to stand by H.R. 8603 and they can be counted to lead the fight to sustain a veto. Thus, the substi-

tute bill is doomed. The net result will be that no bill would become law in that event. In view of the critical financial condition of the Postal Service, it would be disastrous if Congress did not provide emergency financial relief soon. The Postal Service cannot wait until next year for Congressional help. The only postal relief bill likely to succeed in this session is H.R. 8603.

OBJECTIONABLE PROVISIONS

Among key provisions of the Hollings substitute which are unacceptable are the following:

1. Annual Appropriation of Postal Budget. Beginning with fiscal year 1978, the substitute bill would require all postal revenues to be placed in the General Fund of the Treasury, from which would be appropriated annually such sums as are necessary to operate the Postal Service. This provision should not be adopted for many reasons:

First, it would require Congress to review every detail of postal management and operations. This would be contrary to the purpose of the 1970 Postal Reorganization Act because it would eliminate the independent status accorded the Postal Service in the Act. The net effect of such a proposal would be to "throw in the towel" on postal reform.

Second, the proposal would also drive up Federal spending by requiring Congress to appropriate the entire postal operating budget—$15.4 billion in fiscal year 1977. Budget and spending ceilings would have to make room for this entire amount. Since all revenues would go into the General Fund, postal managers would have no incentive to economize and aggressively to pursue revenue protection programs.

Third, the proposal would make orderly postal budgeting impossible by leaving perpetually uncertain the level of postal appropriations.

Fourth, the proposal would distort postal ratemaking because the level of postal income would depend on the uncertainties of the appropriation process.

Fifth, the proposal could lead to arbitrary reductions in postal services. Congressional concern over Federal spending might lead to haphazard deletion of funding for specific types of services.

2. No Increase in Rates Or Decreases in Service. Under the Hollings substitute, no change in postal rates or closing of small post offices would be allowed until the annual appropriation process begins in fiscal year 1978. This is a longer moratorium than is specified in H.R. 8603, which would extend only to the time the study commission report is submitted on February 15, 1977. There is no need to unnecessarily extend the moratorium beyond the time needed for the commission to review the current state of the Postal Service's financial difficulties.

3. Reduction of Borrowing Authority. Borrowing for operating expenses under the Hollings substitute would be limited to $500 million in any one fiscal year, and each obligation must be retired in the fiscal year in which it was issued.

The level is unnecessarily restrictive. It would hamper the Postal Service in meeting unexpected crises such as an oil embargo or a wage and price freeze.

It would force the Postal Service to budget more for emergency reserves, thus adding new burdens on postal rate-payers. By worsening cash-flow problems, it could make it more difficult for the Postal Service to meet its payroll on schedule.

4. Presidential Appointment of Postmaster General and Abolition of Board of Governors. This would result in a loss of independence for postal management and put the legislative and executive branches back into the business of running the Postal Service. The goal of political independence for the Postal Service intended by the Postal Reorganization Act would be nullified. The proposal to make the Postmaster General a political appointee would encourage partisan tampering with political policies, appointments to key jobs, rate and classification requests, enforcement of the private express statutes, or even the confidentiality of first-class mail. In addition, abolishing the nonpartisan Board of Governors, whose members are chosen to represent the interests of the general public, would remove the buffer between postal management and special interests with an ax to grind. It would also make rate and classification decisions of the Postal Rate Commission final without the present decision review function performed by the Board of Governors.

5. Restrictions on Executive Compensation. The substitute would severely limit both the compensation and the number of statutory postal executive positions. This provision would undercut the effort to attract and retain competent, highly motivated managers, requiring some officials to absorb significant pay cuts. It ignores the need of the Postal Service, a business-type government organization, to compensate individuals with the special skills to surmount its problems. It would expose the Postal Service to the same problems of pay compression, depressed salary levels, and lack of incentive that plague the present upper level Federal salary structure.

SUMMARY

The proposed substitute would aggravate, rather than solve, the problems facing the Postal Service. It would emasculate the 1970 Postal Reorganization Act. It would destroy H.R. 8603, a postal bill carefully developed and agreed to by Senate and House committee leaders, the Postmaster General, the Office of Management and Budget, and the White House. It would contravene the agreement between the Senate Committee and the White House and it would be vetoed—a veto which would be supported by a bipartisan coalition of Senate and House committee leaders who are committed to a fight for H.R. 8603.

For all these reasons, I strongly urge my colleagues to defeat the substitute amendment.

RECOGNITION FOR THE POSTAL SERVICE'S PERFORMANCE

The Postal Service has come under severe criticism in trying to cope with its problems. But too often its critics have overlooked or downgraded the progress and improvements the Postal Service has made since it was created by the Postal Reorganization Act of 1970. I believe the Postal Service should receive proper recognition and credit where it has performed well.

The Postal Service recently assembled a report outlining its performance over the last five years. I would like to call attention to some of the highlights of this report.

1. Regarding its service performance, the Postal Service is generally meeting its mail delivery standards.

The standards established by the Postal Service for delivery of qualified first class mail, that is, first class mail which is stamped, Zip-coded and deposited prior to the last mail pickup, generally at 5:00 p.m., are as follows:

Overnight (except Sunday) delivery within local areas, usually meaning a city's metropolitan area; two-day delivery within a 600-mile radius; and three-day delivery to all other areas.

In view of this statistical evidence of good delivery performance, why have there been so many complaints from the public? There are three reasons:

First, mail volume is so large—almost 88 billion pieces per year including 50 billion first-class letters—that even a very small error rate produces a substantial volume of mail susceptible to complaints.

Second, first-class letters, by virtue of the postmark, contain highly visible evidence of any delay.

Third, as machine processing of mail (which has saved hundreds of millions of dollars in processing costs) has increased, so has missent mail.

A major program of machine modifications, operator training, and audits is underway to improve this situation. In addition, a commitment has been made to deploy optical character reading equipment replacing coding operators in larger installations. This deployment will save money and reduce the error rate significantly.

In addition to delivery time, other important aspects of service performance include the following:

The number of delivery points for fiscal 1976 stands at about 76 million, an increase of about 14% over fiscal 1971, largely reflecting the growth of new households.

Window service in the vast majority of cases is provided 8½ hours each weekday and on Saturdays where needed.

The Postal Service now offers 24 hour service through 1,075 self-service units that dispense stamps and contain mail drops. In 1971 there were only 565 self-service units in operation.

At present there are 30,576 post offices, down 1,371 from the level in fiscal 1971. As an average, 233 post offices have been closed per year from 1972–75 while an average of 323 per year were closed in the 10 years prior to postal reorganization.

2. As to fair and reasonable rates, U.S. postage rates compare very favorably to other countries. With the exception of Canada, where heavy wages increases may change the situation, the U.S. Postal Service charges less for letter postage than any of the following nations: Australia, Belgium, France, Japan, Netherlands, Sweden, Switzerland, United Kingdom, and Western Germany.

The price of postage takes, in most other countries, a far greater share of the individual's income. For example, in the U.S., the average worker must spend one minute and 22 seconds to pay for the letter while in Japan, it is 3 minutes and 50 seconds and in the United Kingdom 4 minutes and 36 seconds.

Cost for first class letter in each country is as follows: Australia 22.9¢; Belgium 16.7¢; Canada 8.0¢; France 18.0¢; Japan 16.6¢; Netherlands 20.7¢; Sweden 23.0¢; Switzerland 15.5¢; United Kingdom 17.3¢; United States 13.0¢; West Germany 19.5¢.

3. Wages and benefits paid to U.S. postal employees are comparable to those paid to workers in the private sector. Postal workers in bargaining units receive in wages plus benefits $8.05 per hour worked compared to $8.04 for the average private-industry worker, according to a survey of 67 companies conducted a year ago.

While postal salaries rose rapidly in the first four years after postal reorganization, the rate has now slowed. A three-year collective bargaining agreement signed in August, 1975 provided a fixed wage increase of slightly less than 4% per year plus a cost-of-living allowance that adds one percent per hour for every 4/10ths of a point increase in the Consumer Price Index.

This contrasts with the Labor Department's estimates of an average 10.2% increase in wages in the first year of industrial contracts last year and an average annual increase of 7.8% over the life of the contract.

The Postal Service has made substantial savings through personnel reductions over the past five years.

In Fiscal 1970, just before reorganization, the Postal Service had 741,216 employees. By June this year, it had reduced the number of employees to 678,949, or 62,267 fewer employees than before reorganization.

The Postal Service was thus able to realize

average savings of $671 million a year for each of the five years, or a total savings of $3.355 billion.

4. Financial Self-Sufficiency. As part of the statutory mandate to "break even" each year, the Postal Service must estimate its projected operating costs and revenue requirements well in advance and apply to the Postal Rate Commission for rates at a level that will cover these costs during the applicable period. These projections are for periods generally 18 months or so in the future.

A deficit may result from either unanticipated increases in costs, lower volumes and revenues than forecast, or unanticipated delay in completing the rate proceedings, or from a combination of these events. Over the past five years, the Postal Service has experienced all three and therefore incurred substantial deficits over this period.

As a result of the continuing deficits, the Postal Service has been criticized for "inefficiency". A few facts may help put this in perspective. First, a comparison of productivity as measured by pieces of mail processed per man-year before and after postal reorganization.

USPS Productivity: 1967–76 [1]

Fiscal year	Mail volume (billions)	Man-years (thousands)	Pieces per man-year	Index 118,304 from 1966
1967	78.4	676	115,952	(1.7)
1968	79.5	697	114,090	(3.3)
1969	82.0	714	114,856	(2.7)
1970	84.9	726	116,930	(1.0)
1971	87.0	724	120,212	1.8
1972	87.2	708	123,158	4.3
1973	89.7	684	131,079	11.0
1974	90.1	704	127,977	8.0
1975	89.3	693	128,764	9.1
1976 Est.	88.0	674	130,564	10.6

[1] When indexed against the productivity figure for fiscal 1966, a clear pattern emerges of static performance through fiscal 1971 and significant improvement thereafter.

In addition to overall productivity, the Postal Service also measures efficiency in mail processing and delivery, each of which totals about one-third of the cost of operations. In the following table, the comparison is for two five-year periods, before and after reorganization.

Productivity Before and After Reorganization

[In percent]

Increase/decrease in:	1966–70	1971–75
Mail volume	+12.3	+2.6
Clerk-mailhandler man-years	+14.2	−5.8
Clerk-mailhandler productivity (pieces per man-year)	−1.7	+8.9
Total delivery points serviced	+8.4	+9.5
Carrier man-years	+11.4	−4.6
Carrier productivity (deliveries per man-year)	−2.7	+14.0

The substantial improvement in clerk-mailhandler productivity can be explained in part by the increased use of mechanization. The incidence of mechanical processing of letters has increased from 28 percent in fiscal 1972 to over 60 percent today. As a result, actual work hours devoted to mail processing have declined by more than 7 percent over the past 5 years, representing more than $1 billion in costs avoided. In the same vein, today, 80 percent of carrier routes are motorized.

One further way of comparing productivity in the postal system is to relate it to performance in other countries. A comparison based on pieces of mail per employee shows postal productivity in the United States far above other nations, including Canada, Japan, Switzerland, the Netherlands, Australia, Great Britain, West Germany, France, and Italy.

Perhaps the most significant point regarding productivity is that it is rapidly reaching a point of diminishng returns. Increased mechanization, improved methods, and greater managerial skills are expected to reduce man-years by about 6 to 7% over the next five years. However, this will not be enough to offset rapidly rising costs.

The Postal Service will continue to suffer severe financial strain in the immediate future and also the effects of some long-term problems.

It was to meet both these needs that the Senate Post Office and Civil Service Committee reported H.R. 8603, the Postal Reorganization Act Amendments now being considered by the Senate. The purpose of the bill is to provide temporary financial relief for the hard-pressed Postal Service, while a study commission seeks ways to attack the longer-range problems facing the Service.

As an emergency measure to reduce the $2.125 billion operating indebtedness of the Postal Service through the end of fiscal 1977, H.R. 8603 would authorize $500 million to be applied against the accumulated operating debt of the Postal Service as of September 30, 1976, and another $500 million to be applied as of September 30, 1977.

The bill proposes the formation of an independent Commission on Postal Service to study and recommend actions to resolve the problems facing the Postal Service. It would make recommendations on wide-ranging subject areas and file its report and recommendations by February 15, 1977.

While the study commission is performing its task and before its final report is submitted, H.R. 8603 would impose a moratorium on postal rate increases and service reductions.

H.R. 8603 is a carefully balanced and thoroughly considered measure. It has the overwhelming, favorable support of the Senate Post Office and Civil Service Committee. It has the endorsement of postal committee leaders of the House. It is legislation urgently desired by the Postmaster General, and by nearly all the postal unions and their rank and file members, and by the Administration.

I wish to repeat the appeal I made in this chamber yesterday: Because of the shortness of time remaining in this election-year session of Congress, I hope every effort will be made to forego amending the bill before us. Not only will this assure early enactment of H.R. 8603; this bill may be the only acceptable measure, and this is the last opportunity this year for Congress and the Administration to work out vital legislation to save the Nation's postal system.

Therefore, I again strongly urge swift approval of H.R. 8603—without amendments from the floor.

Mr. McGEE. Mr. President, how much time remains?

The PRESIDING OFFICER. The final vote comes no later than 2 p.m., the time equally divided.

Mr. McGEE. That means 2 hours on a side. I was wondering how much time remains.

The PRESIDING OFFICER. The Senator from Wyoming has 53 minutes remaining.

Mr. McGEE. Fifty-three minutes.

The PRESIDING OFFICER. The Senator from South Carolina has 86 minutes remaining.

Mr. McGEE. I yield the floor.

Mr. HOLLINGS. Mr. President, before I yield to my distinguished colleague from South Dakota, I wish to ask the chairman of the committee, the Senator from Wyoming (Mr. McGEE) on my time about the veto by the President.

Is it not a fact that the Senator was informed by the administration that since the passage now of the Randolph amendment the deal is off?

Mr. McGEE. Whether they would veto or sign with the Randolph amendment.

Mr. HOLLINGS. Since that passed yesterday, has the Senator not also been informed that now the deal is off?

Mr. McGEE. No, we have not been so informed. The only information was that because this was not one of the anticipated proposals that was pending, the Senator's was the main vehicle, that it had not been examined, that there is the inclination also from the Postmaster General that they cannot live with it in terms of management planning.

How that comes out with the President, the recommendation is that may lead to a veto.

I am hoping they would reserve that judgment and see how we come along.

Mr. HOLLINGS. What did the OMB tell the Senator, anything at all?

Mr. McGEE. That the amendment gives them very serious misgivings because of the management principles.

Mr. HOLLINGS. Is the deal on, or not? We are telling everybody—

Mr. McGEE. I just told the Senator that the conclusion was that they were going to reserve their judgment to see what happens now and then evaluate it specifically.

Mr. HOLLINGS. So it could be signed by the President. They did not tell the Senator about an absolute veto as a result of the Randolph amendment?

Mr. McGEE. Yes, that was the indication on the idea.

Mr. HOLLINGS. What was the indication?

Mr. McGEE. The indication was that this was an interference with a management decisionmaking operation in terms of introducing more efficient operations and that with an independent agency this runs violently against that.

I suspect one of the reasons why they say they would like to reserve that judgment a little bit is that they were impressed by not only the eloquence of the Senator from West Virginia and the Senator from South Carolina, but the overwhelming vote of this body.

I think they probably are looking at it in realistic terms, in that fashion.

Mr. HOLLINGS. I yield to the Senator from South Dakota such time as he desires.

Mr. ABOUREZK. I thank the Senator.

Mr. President, I am very happy to join with the Senator from South Carolina as a cosponsor on the substitute provisions for the Senate Post Office Committee bill.

In 1970, Congress passed the Postal Reorganization Act. Although I was not yet in the Congress at that time, I was one of those who shared high hopes for reorganization, and especially that it would lead to streamlined management and better service.

We have been disappointed in both respects.

I regard Postal Reorganization as a well-intentioned experiment which failed. We found from experience that we could not demand that the Postal Service both break even and provide the level of service the public has a right to expect. We found that turning the upper levels of the Postal Service and its Board of Governors over to corporate executives resulted in distorted priorities and poor decisions.

We have found that the whole new structure of the Postal Service is neither fish nor fowl, that it is responsive neither to public demands nor to the market economy, that it answers essentially to no one on both financial and policy matters.

The question before us is what to do about what used to be and probably still is the best postal system on Earth, which has recently discovered itself, somewhat belatedly, between a rock and a hard place.

There are two questions for the Congress to answer. The first is whether for the short run, the Postal Service meets its budget through significant service cuts, such as the closing of small post offices, the reduction in delivery and desk hours, and the curtailment of special services or through a subsidy from the Treasury.

On this question, the committee bill and the alternative supported by the Senator from South Carolina (Mr. HOLLINGS) and myself agree. We believe the public will not stand for service reductions and that the public interest calls for subsidy over and above the statutory limit to continue these services.

Because there has been some implication that the committee version of H.R. 8603 is the only one that will really help the Postal Service, I want to reemphasize that our substitute contains identical rate and service-cut moratorium provisions, and a short-term subsidy, which, if anything, is more generous and realistic in meeting the operating deficits now faced by the Postal Service.

There is another question, however, which is at least as important as the choice between reducing service and subsidizing it.

That question is who will determine the course the Postal Service should follow to right itself, remain solvent and maintain and improve mail service to the public. On that question, my distinguished friends and colleagues (Mr. McGee and Mr. Fong) do not agree with me or with Senator Hollings.

The bill brought to the floor by the Senator from Wyoming says that a 5-month Presidential-congressional wonder commission should examine the past, present, and future problems of the Postal Service and make recommendations to the Congress for action next year.

With due respect for the good will and good intentions of the Senator from Wyoming, and to the undoubted integrity and brillance of the members who would be appointed to the Commission, the so-called Blue Ribbon Study Commission is a sham.

It is a sham because in 5 months no Commisison can do a thorough job of independently evaluating the operations and finances of the Postal Service. The Commissioners will bring with them a certain point of view and come out with the same one. Or, alternatively, if the Commission members have no particular views on what should be done, they will rely on overpowering dominance of the Postmaster General who will serve on the Commission and on the staff.

The sham is that the 5-month wonder commission will come up with nothing new or comprehensive, and if their recommendations are good ones—and I hope they would be good ones—it will be because the Commissioners or the staff or the Postmaster General already have these good ideas and will let the so-called Study Commission ratify them.

The establishment of a 5-month wonder commission is wrong for another reason. We in Congress have a constitutional responsibility, in article I, section 8, to "Establish Post Offices and Post roads"—in other words to establish and oversee the postal system. Right here in this Chamber there is a blue ribbon commission, which already has a mandate from the Constitution of the United States, to make the judgments necessary to set goals for the Postal Service.

That we have been laggard in our responsibility of oversight does not mean that we should not start at at this late date. If the so-called study Commission report to Congress next February, we all know that a debate like the one today will take place again. There is no information so startling, so unforeseen, so compelling, that without it Congress cannot make these decisions. Or if there is, let us have it now, rather than later. Why waste the time of 10 or 12 Commissioners, a large staff, a pile of lobbyists trying to get the Commission to protect their interests and of the American people on this sham?

The only reason I can see for wasting the time of everyone with a Five-Month-Wonder-Commission is that it will take us until after the election.

Now, by next February, I am very optimistic that we will have a new administration. I certainly hope we do. We will have a new President, a new Director for the Office of Management and Budget. If the amendment passes, we will also have a new Postmaster General.

Our new President will understand about post offices in places like Plains, Ga., and Pringle, S. Dak. The new director of the OMB will understand that being penny-wise and pound-foolish with the Postal Service is a mistake and a betrayal. Senator McGEE, Senator HOLLINGS, and our other experts in this body, will take it upon themselves to educate our new President and our new administration about the Postal Service.

There is another understandable reason for putting off the issue until after the election. That is to buy time until the public is lulled into complacency by the moratoria, and then lower the boom. We all know that the President, the Office of Management and Budget and even the hierarchy of the Postal Service were dragged kicking and screaming into the agreement negotiated by the Senator from Wyoming and the Senator from Hawaii. I think all of us know that in their hearts, the current administration would just as soon see the Postal Service twist slowly in the wind, so that they can repeal the private express statutes or whatever, and probably hope that this bill provides just enough rope for the Postal Service to hang itself by next February.

On the one side, we can remain silent and wait for a more sympathetic administration after the election, or on the other side we can remain silent and postpone the unpleasant carnage until after the election. That is the choice this bill presents to the Senate.

I think that is an insult to the Senate.

The U.S. Senate is a blue-ribbon commission. Here we have a body constitutionally charged with responsibility for the postal system; here we have the committee, the staffs, the GAO audits, the constitutent mail. Here we have everything we need in the Senate to reexamine postal reorganization, and to continue the good points to change what needs to be changed.

It has been 5 long years since Congress had a chance to say anything about postal reorganization. The Senate as a whole has had no chance at all. Five more months will not straighten things out on their own. Five years could not do it. It is our job—the Senate's job—to get a hold on this situation. The public expects it, the Constitution demands it, and it is long past time that we reviewed the Postal Service operations and give ourselves a mechanism to do so regularly.

Postal reorganization has not resulted in either more efficient management or better service to the public.

It was based on the assumption that mail volume would continue to increase. Mail volume is declining. It was based on the assumption that politics was the cause of most of the postal problems. Politics, of a different order, remains and the problems do, too. Reorganization was based on the assumption that the Postal Service should be responsible only to good business sense, represented by the Board of Governors. It has demonstrated what I consider mediocre business judgment, and an insensitivity to public concerns in which no business would take pride.

I ask unanimous consent that a table

from the annual report of the Postmaster General, 1974–75 be printed at this point in the RECORD. It shows the distribution of employees in 1971 at the beginning of postal reorganization and what it is today.

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

	1975	1974	1973	1972	1971
EMPLOYEES (ON PAYROLL AS OF JUNE 30)					
Employee groups:					
Headquarters employees	2,988	2,931	2,531	2,301	2,611
Field regular employees: Regional and other field units reporting to headquarters	13,615	10,079	5,128	5,460	5,761
Inspection service	5,610	5,461	4,680	4,716	2,511
Postmasters	30,050	30,288	29,490	30,731	29,945
Post office supervisors and technical personnel	37,157	37,422	34,474	38,102	37,357
Post office clerks and mail handlers	238,913	243,291	238,727	250,390	229,571
City delivery carriers and vehicle drivers	166,946	171,460	171,504	174,974	166,006
Rural delivery carriers	30,828	30,674	30,423	31,024	31,131
Special delivery messengers	2,878	2,964	2,995	3,205	2,661
Building and equipment maintenance personnel	25,050	24,708	23,508	23,962	22,768
Vehicle maintenance facility personnel	5,029	5,289	5,416	5,823	5,598
Total, regular employees	559,064	564,567	548,876	570,688	545,911
Total, substitute employees	143,193	145,866	152,175	135,712	183,000
Grand total	702,257	710,433	701,051	706,400	728,911
OFFICES, STATIONS AND BRANCHES (AS OF JUNE 30)					
Number of post offices	30,754	31,000	31,385	31,686	31,947
Number of branches and stations:					
Classified branches and stations	3,993	3,955	3,939	3,729	3,906
Contract branches and stations	3,808	3,952	4,096	4,603	4,437
Community post offices	1,991	2,007	2,014	2,236	1,997
Total	9,792	9,914	10,049	10,568	10,340
Grand total	40,546	40,914	41,434	42,254	42,287

Mr. ABOUREZK. The figures are extraordinary. They show an increase of 14 percent in headquarters personnel. The increase in what they describe as "regional and other field units reporting to headquarters" is an astronomical 136 percent.

During the same 5 years, the number of postmasters increased by thirty-five one-hundredths of 1 percent, the number of clerks and mail handlers declined by twenty-seven one-hundredths of 1 percent and the number of city carriers increased by fifty-seven one-hundredths of 1 percent. Rural carriers decreased by ninety-seven one-hundredths of 1 percent.

This is a devastating picture. While changes in number of operational personnel are down slightly, though negligible, there has been a ballooning at the top, and especially at a new level hardly imagined—regional office bureaucracy.

At the same time we saw 1,200 post offices close—a 4-percent reduction in 5 years—it took twice as many people to administer the Postal Service. If this is businesslike management, I fear for the future of American business.

Probably the major innovation in the past 5 years has been the bulk mail sorting machines and the mechanization of mail handling. This has been a decidedly mixed blessing.

A recent General Accounting Office study confirmed what many of us and our constituents knew from empirical evidence. The error rate of missing or lost mail has tripled to about 6 percent of total mail volume. While the average or typical letter gets to its destination marginally faster under the new system, it has three times more chance of being misdirected. Because of centralization, it also creates the anomaly of having mail to a neighboring town, or in some cases to a recipient in the same town, go 50 or 100 miles to sectional center to be thrown in with other mail, re-sorted and returned to its destination very near its point of origin. In rural States like South Dakota, intrastate mail takes a tortuous course and the benefits of the so-called improvements are not widespread.

All of this innovation was paid for on the basis of a projected increase in mail volume, which, we subsequently found out, would not take place. The Postal Service, like everyone else, is entitled to honest errors and miscalculations, but this does not strike me as a glowing example of efficient management, which deserves a vote of confidence from the Congress and the American public when it asks for subsidy dollars with no strings attached.

Perhaps even worse is that the Postal Service has gone out of its way to antagonize, alienate, and ignore the people it employs and the people it serves.

Although a court order requires consultation with customers affected by a small post office closing, the questionnaire universally used to solicit public opinion deliberately misleads the respondents into believing that they cannot opt for maintaining the status quo, that closing is a foregone conclusion.

Often the postmaster is informed of management's plans when his or her superior shows up unannounced, offered a transfer which by postal rules the postmaster cannot refuse, and then surreptitiously surveys individuals trying to get them to sign a form approving the change management has in mind, without allowing the opportunity for any rebuttal or consideration.

If a firm in the private sector used these "sales" tactics, they would be reported to the Better Business Bureau. If it were a monopoly, the Federal Trade Commission should investigate. But this is not in the private sector. It is the U.S. Postal Service which is running roughshod over its employees, customers, and all standards of fair play.

The Postal Service resolutely maintains that they want to provide "equal or better service," that service cuts are in the public interest. If that is true, why does every action aim at deceiving, cajoling, or outsmarting the public? Why do they not tell it straight?

Why do they not tell the people which post offices, or at least how many, they plan to close? Why do they not tell us what instructions, criteria, or memoranda they have given to their field people on which to base postal closing recommendations? Why in developing the postal closing policy did they never consult with any residents, businesses, officials, or representatives of small towns and rural areas to get their reactions and suggestions for this method of "improving" rural service?

One woman, who has been fighting with her neighbors to save the post office in her small town, wrote me about a meeting with a postal official who said that in spite of the court order, in spite of the unanimous feelings of the customers, there was absolutely no way to convince him to reconsider his decision to recommend closing of the post office, and concluded the meeting by saying that he was rather proud, because he had never lost a postal closing recommendation case.

The woman wrote:

> If this is the way our government operates, why don't we move to Spain, where the weather is beautiful and a dictator makes all the decisions?

The Postal Service is accountable—to the board of governors. The chairman of the board of governors is M. A. Wright, who is also, it so happens, the chairman and chief executive officer of the Exxon Corp.

Most people in this country realize what the big oil companies are doing to the public, but not too many of them realize where the Postal Service is getting its inspiration for doing the same. If we want a Postal Service which has to answer to the head of Exxon, and answers the questions of the business executives at the Economic Club of Detroit, we should support the McGee bill.

But if we think the Postal Service must respect the needs of the average family, the farmer, the worker, the widow, those who receive more mail than they send, we must support the amendments to make the Postal Service accountable to the people, to the Congress and to its customers.

We would abolish the board of governors, which is a useless appendage and a poor substitute for oversight. We would make the Postmaster General answerable to the President for his actions and to the Congress for his budget decisions.

We can and must have both efficient management and responsiveness to the public needs. Congress should be more than a noisy lobby, trying to wheedle considerations for the home folks. None of us is so foolish that we want to wreck the Postal Service, politicize it, make it inefficient.

It is already doing that to itself. We do not want patronage; we do not want

open-ended subsidy; we do not want to keep open every post office serving three customers. What we want is a Postal Service that once again sees its duty as delivering the mail, respecting the public, willing to defend its policies and priorities before the Congress, the administration, and the Nation.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ALLEN). Who yields time?

Mr. HOLLINGS. Mr. President, first, I thank my distinguished colleague from South Dakota. He has been a leader in the concern that all of us have. I will be more explicit when the distinguished chairman returns to the Chamber.

Quickie amendments and a quickie approach? The fact of the matter is that all Senators over the past 6 years have been listening to complaints trying to study, trying to fathom, and trying to solve some of these problems. The Senator from South Dakota has come forward in support of what we have worked out as a very comprehensive, very deliberate, very well-studied solution to this particular problem. It is not a quickie thing or a political thing. It is an effort on behalf of a substantial number of Senators to be responsible and to face up to our responsibilities.

Mr. ABOUREZK. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. ABOUREZK. I have been hearing the distinguished chairman say that this is a quickie amendment and we should study it and have hearings. I seem to recall a couple of points. No. 1, our friend from South Carolina, chairman of the Post Office Subcommittee of the full committee, has never been allowed to hold hearings on this question in the last several years.

Mr. HOLLINGS. That is correct.

Mr. ABOUREZK. Second, at the same time the Postal Service and the administration were telling the chairman and the committee that they were going to ease off the political pressure by not closing up any more small post offices, a regional post office director in South Dakota called a meeting in a small town and announced the closing of five more post offices.

Mr. HOLLINGS. That is correct.

Mr. ABOUREZK. This is the kind of thing we are faced with.

Mr. HOLLINGS. I thank the Senator.

I am addressing my comments to a document entitled "Errors in Senator Hollings' letter."

I forward this document to Senator Moss so we can discuss it.

I ask Senator Moss, is that a document of the Senate Post Office and Civil Service Committee, a document of Senator McGEE and Senator FONG?

Mr. MOSS. In response to the question, I am sure I have no ready answer since I have seen it for the first time. I would doubt it is from the committee. Otherwise, I might have been aware of it. I know nothing about its authorship. I assume, therefore, it was prepared by one who is opposed to the Senator's point of view.

Mr. HOLLINGS. That is quite obvious. Will the Senator hand it to Senator FONG and ask him if he is familiar with that document, if he has seen it before? I have just received a copy of it myself.

It parallels, in large fashion, some of the arguments made by the chairman a few moments ago which we will now answer.

Mr. FONG. I have not seen this document before.

Mr. HOLLINGS. I thank the distinguished Senator. This is the way the Senate works. If we take time to get a live quorum to come in and only answer momentarily and go about their business, no one listens. The Postal Service, I understand, prepared this document. We will try to find out who prepared the document. Then the Service runs around to the several Senators talking about errors in the letter.

It is very interesting that the Postmaster General and the Postal Service would come out with so-called errors that the crisis is not really financial, stating that my letter, which I had documented and mailed around to all Members of the U.S. Senate, is inaccurate in misunderstanding about the financial figures.

I had simply taken those financial figures from the committee report. It is very interesting that they say that "The Senator's letter is inaccurate," but they do not say that the committee report, Mr. President, is inaccurate. Because I am quoting from the committee report, "Postal Reorganization Act Amendments of 1976," submitted by Mr. McGEE, from the Committee on Post Office and Civil Service, which states, on page 2:

> If it were truly a business, the United States Postal Service would be bankrupt. At its inception in July of 1971, the Service had assets of $3.4 billion, with a capitalization balanced between liabilities of $1.7 billion and equity of $1.7 billion. It will end fiscal year 1977, in the absence of relief, with an accumulated deficit of approximately $4.5 billion and it already has negative equity.

So I am only quoting just exactly what they said there. Since there is a statement prepared by the Postal Service and the Postmaster General to say that we are inaccurate, we can only go to the Postmaster General's testimony in a hearing before the committee on March 29 of this year, on page 23. I quote from the testimony of Postmaster General Bailar:

> We have the capacity of being effectively rendered insolvent within the course of a year if the Treasury were ever to choose not to loan us any more money from the Federal Financing Bank.

So if the Treasury decided not to lend them the money, they would be bankrupt. This takes me to the point of the Senator from Hawaii, about this money being used to build buildings, when the fact of the matter is they have been using the majority of the money for operating expenses. There is only $1.5 billion of the projected $4.5 to $5 billion deficit by the end of this next fiscal year, only $1.5 billion of that has been for buildings. Talking about quickies, talking about politics, talking about misleading, I was quoting the man who testified to Senator FONG at that hearing, and I am quoting Mr. Anderson from the GAO, on that exact amount.

Mr. FONG. Mr. President, if the Senator will yield, I was referring to June 30, 1976. That was $1.5 billion in operating debts, and $1.5 billion which was borrowed for capital expenditures.

Mr. HOLLINGS. All right. Mr. President, I am turning now to the hearings, which show Senator FONG questioning the witness on February 16 and 20, on page 47. Mr. Anderson is testifying:

> Their planned borrowing will come to $5 billion that they will have outstanding in debt at the end of fiscal year 1977. September 30, 1977, that is, including a net of payback of $604 million between now and then, but in any event, they will have $5 billion of debt that the organization will be saddled with. That is really going to impact on their operation at that point, and you might as well write off self-sufficiency, unless you give them some help.

Then Mr. Anderson states, on page 63:

> Over the next 18 months they intend to borrow another $1 billion for operating costs, and to me they are really mortgaging the future. That is a violation of the basic tenets of good business, as you are well aware, borrowing money to pay your operating costs especially if it is long-term money, and they have already rolled over some of their short-term notes.

Then, at the top of page 50 of the same hearings, Mr. Anderson, the expert from GAO, answers:

> That is right, sir. In effect, the money that the Postal Service is borrowing from the Federal Government are Federal expenses. This is really a Federal organization, and those moneys are being expended to operate it.
>
> It is a question of whether you appropriate it annually, or whether you are using your borrowing authority from the Treasury.

That is the crux of the matter. You either go over to the Treasury and keep borrowing, or you come to Congress and keep borrowing. We know the Postmaster General said eight times he tried to get either the Director of Management and Budget or the President of the United States on the telephone eight times, without success. And when it was finally printed in the New York Times, that is when they answered the telephone—it is a question of whether we take my amendment, or take the stickup amendment, Senator McGEE's amendment, in the nature of a substitute. The McGee amendment says, "Give them the money and don't ask any questions."

Now I am glad to yield to the Senator from Hawaii, if he has a question.

Mr. FONG. Yes. Is it not a fact that as of June 30, 1976, there was a $1.5 billion operating indebtedness?

Mr. HOLLINGS. That is exactly right.

Mr. FONG. That in the transitional period, that is, July, August, and September, they will have a debt of $125 million?

Mr. HOLLINGS. That is right. That is what they project.

Mr. FONG. Then, in fiscal 1977, that is, from October 1, 1976, to September 30, 1977, they expect to be in debt again by $500 million?

Mr. HOLLINGS. No, they have projected another billion-dollar deficit for next year. The Postmaster General testified to that.

Mr. FONG. So that the——

Mr. HOLLINGS. Wait a minute. What the Postmaster General testified was——

Mr. FONG. Well, I will get to that.

Mr. HOLLINGS. All right.

Mr. FONG. So there will be $2.125 billion in operating indebtedness as of September 30, 1977.

Now let us get to the capital expenditures, money borrowed to build facilities. $1.5 billion up to June 30, 1976. They will borrow in the transitional period—that is, July, August, and September of this year—$375 million. And then, for 1977, they would borrow a billion dollars.

So this would bring it up to $2.875 billion borrowed, as of September 30, 1977, but they will pay back $67 million in 1977, so there will be capital expenditures owing, that is, debt due to capital expenditures, of $2.808 billion.

So if you added together that operating debt of $2.125 billion up to September 30, 1977, and the $2.808 billion for capital expenditures, you have approximately $5 billion.

So you have to divide that into operating debt and capital expenditures. To say that they are $5 billion in the hole is not a true picture.

Mr. HOLLINGS. Well, the Senator just got to the $5 billion. I thought his arithmetic was working very well. The Senator got the $5 billion, the witness from the GAO got the $5 billion, and I got the $5 billion the same way.

Mr. FONG. Yes. But almost $3 billion of that is borrowed to build facilities. The asset is there. It has not run away.

Mr. HOLLINGS. Now, Mr. President, the Senator does not consider May 28, 1976, just less than 90 days ago, when they borrowed an additional $500 million from the Federal Financing Bank. They did not come to Congress; they just went down to the bank.

And when they borrowed that, they rolled over, not only borrowing $500 million, but they rolled over a note that was due for an additional $200 million. They really renegotiated an added loan of $700 million.

We talked about their testimony in February and March, but their activity in May and the Postmaster General's testimony said they would go into the hole this year another billion dollars or more, and another billion next year. It is reasonable to assume that it will be at least another $3 billion. But let us take Senator FONG's testimony of $2.125 billion. Two billion dollars in operating deficits is not a small amount. We provided $10 billion so there would not be a hiatus. Congress said that with that added $5 billion and the $125 million, we could balance the budget by asking the Post Office to wait another year for their money.

I was on the committee at that time, and we debated it. The $10 billion was a kitty for capital improvements and not for operating expenses—certainly not for operating expenses 6 years after the enactment of the bill in August 1970.

To come up to the admitted figure of $2.1 billion in operating expenses with no idea what they are going to do next is fiscal irresponsibility. It is like the gentleman from the GAO said that he certainly would not put any money at all in that kind of business if he were in business. He said:

> But I know one thing. I thought to myself this morning that if I was a private investor and this organization had to survive on its own, I do not think I would put a dime in it. It would have to live on other resources.

That is what the GAO talked about.

They come around here with all these GAO reports. They say how grand and splendid it is that everyone is happy, and what have you. The GAO witness says: "Do not put a dime in it. It is broke."

The Postmaster General says that he would be insolvent had he not borrowed the money and could continue to borrow it and, if they cut him off, then he is broke.

Then they come up with the smear sheet at the last minute talking about inaccurate statements when we are only quoting the Postmaster General and quoting the committee report.

Mr. President, let us get on to some of these other points that were made. The Senator from Hawaii is still exercised about that United Parcel Service, and they had quite a nice, delightful dialog congratulating themselves as being statesmen, the Senator from Wyoming and the Senator from Hawaii, and said that United Parcel Service could not deliver parcels everywhere, that they just took little specific pieces and creamed them off.

The fact of the matter is United Parcel Service is subject to lawsuits and they could not do as the Postal Service does and take all the packages and break them all up and throw them in the corner. In fact, it has exercised the Senator from North Carolina so much that he has an amendment to deal with this.

So if you are going to operate a private business and you take my package, break it up, and throw it around, and I go ask about it and they say, "go see somebody else; we are a private service; we cannot talk to you," there is no service at all in that. One cannot subject the Postal Service to lawsuits.

The Unitel Parcel Service can be sued, and of course they respond. But if we had lawsuits against the Postal Service for missent packages, then that Postal Service crowd would all be really behind bars. I can tell Senators that right now.

I have given the facts about the excellence of the United Parcel Service. I have given their capital investment, how they handle the volume, how they have a certain number of employees in order to handle it, showing one-seventh of the cost right there in Atlanta. They are not creaming off anything. In fact, it sounds like pretty good skimmed milk which is rather sturdy, full of protein and no cream. When they build a building to handle almost three times the volume at one-seventh of the cost, that is not creaming. They are making sound business judgments and giving that service.

With respect to collective bargaining about which we were misled, I wish the Senator from Wyoming were still here, that he would come back in the Chamber, because we only have limited time, and he is the chairman handling his bill. I quoted two groups on yesterday. I quoted from the statement which was made. I read it, and it is not misquoted. I read it from the Laborers International Union, where they stated in their testimony on April 26, 1976, at our hearing:

> Abolishing the board and having the Postmaster General appointed by the President and confirmed by the Senate needs to be one of the first actions of Congress.

That is what the Laborers International Union of North America said. The gentleman's name is Mr. James J. Lapenta, Jr.

I did not say that he endorsed the Hollings substitute. I just said he said that it was the first order of business.

Going further from that, we hear now of the Alliance and Industrial Labor Union. I have their statement of July 23, where they say, amongst other things:

> The failure of the Senate bill to require annual authorization of all Postal Service funds and Presidential appointment of the Postmaster General subject to Senate confirmation will seemingly be a fatal mistake, and now you are urged to have such a provision included.

That is what we have in our substitute amendment here.

I did not say all of labor was behind us. But we know labor has become a mix, as Senator JACKSON found out in the State of Pennsylvania.

How could any southern Governor, coming from a right-to-work State and having voted for the right-to-work law, get into the State of Pennsylvania and carry Pennsylvania with all of organized labor's leadership for Senator JACKSON, and take it? He took it with labor voters. That is what he did.

I think we have learned to look objectively as to what labor says and what labor does not say down the line.

I am only citing those two, and it was not misleading. And I resent the implication that the Senator made that I misled. I am quoting exactly what they have said.

With respect to the matter of collective bargaining, let me tell Senators here and now that there is one way Congress could impair the obligation of a contract. They could do that by simply not appropriating any money. That is under the Constitution and law. We have legal opinions. We have the legal opinion as to our particular amendment where we had under section 5:

> Nothing contained herein shall be construed to impair the obligation of employment contracts that the Postal Service has entered into with its employees, and nothing contained herein shall be construed to impair the authority of the Postal Service to collectively bargain employment contracts with its employees as provided in the Postal Reorganization Act."

Nothing could be more clear. Under the *Illinois Bank & Trust Co.* v. *Chicago, Rock Island, and Pacific*, 294 U.S. 648, we see that although the Constitution does not expressly prohibit Congress from impairing the obligation of contracts, it has been held that Congress may not act directly and independently upon a specific contract to impair the obligation or rights thereof.

Everyone knows that. Obviously, with

the oversight provision, we cannot tell what a future Congress would do, but we can only tell what we are doing now.

I put in $1 billion to make sure that the present contract was lived up to, the contract on this second year, duly entered into by the Postal Service and the bargaining unions, calls for an 8.3-percent increase. So someone could well argue, maybe in 4 or 5 years from now, Congress will only give Federal employees a 5-percent increase. What a Congress will do in the future is best told by what a Congress has done in the past. If this Congress acts on our substitute amendment we will be giving that 8.3-percent increase because we will be giving them $1 billion in money to pay for it. The way to impair that obligation is not to give them any money. So if Congress does not give them any money, and the administration indicates they do not need any money, and they did not have it, the Postmaster General says, if he cannot borrow he is insolvent. Then how do they pay their contract? It is impaired. That is the way to impair it.

So let us get out of the fuzzy area talking around in a circle because we considered this, we talked to the attorney for the union, and we drew this substitute amendment with this particular thing in mind.

Mr. President, the chairman of the committee started talking about lackeys, and the fact that the Postmaster General did finally get in to talk to the President about this. The Senator will remember the eight times he called on the telephone and could not talk. But the chairman said the Postmaster General could talk to that President in the Oval Office, since he was not in the Cabinet, he was not a lackey. Ergo, Secretary Kissinger, the Secretary of State, must be a lackey, the Secretary of the Treasury, under the chairman's view, must be a lackey, or the Secretary of Commerce, Mr. Elliot Richardson, must be now a lackey.

I do not think Cabinet members are lackeys. I do not think by putting the Postmaster General as a Presidential appointment with confirmation by the Senate he becomes a lackey.

Mr. HUMPHREY. No; he becomes a Cabinet officer.

Mr. HOLLINGS. The fact is, when the Senator comes back—unless the Senator from Utah wants to answer for him—I have committee print No. 1, dated January 12, a bill introduced by Mr. McGEE, the chairman of the Committee on Post Office and Civil Service, which reads on page 14 at line 15:

"The chief executive officer of the Postal Service is the Postmaster General appointed by the President by and with the advice and consent of the Senate."

He provided for the same thing. But now, when we come to debate the amendment, he says he is a lackey and he should not be appointed. The chairman should see his original bill.

Now the Senator from Hawaii has left. I do not know whether we should have a live quorum or not. I know that the Senator from Utah is not going to get into this. If he does, I would appreciate it, because the inference here is that what we have is a tricky amendment, that this is a big, mammoth organization. They have a $14 billion budget and 672,000 employees and 1 percent mistakes in missent letters, and we should not be excited.

I got into the business judgments, and I listed the problems of mail carriers and elimination of services. I had a study of how they handled their vehicles, and their falsification of records.

Does the Senate know what the Postmaster General did in November of 1974? He gave amnesty. No one else in Government has been able to give amnesty, but the Postmaster General had to do it because so many of his employees were falisfying too many records.

However, we went into all those things, and then the idea was put forth that we should not have this substitute amendment, because it is a little tricky thing, and we should get a blue ribbon commission and get us past the election and come back.

If I were chairman of the major committee and the chairman of the Subcommittee on Postal Operations put in a bill, as I did, S. 718, in February of last year, that called for measures like the House has voted upon; namely, the appointment of the Postmaster General, limits on borrowing, on annual authorization for public subsidy, the expediting of the ratemaking process—not the political appointment of postmasters, not getting into the ratemaking, just the expediting—I would give it a little consideration. Zilch. Zero. No hearing. Every time.

Suppose one is the chairman of a subcommittee in the U.S. Senate and that committee had not met in 5 years. He would have to explain that to the public, would he not? They are just finding out about it. The public does not realize it.

I began to resent the idea that we could not even have hearings on the bill. They do not give you the hearings, on the one hand, and on the other hand they say, "We have to have hearings. We don't want to do tricky things and everything else." They give you the double treatment.

Mr. HUMPHREY. The double whammy.

Mr. HOLLINGS. I have never seen such a thing. And they call me quicky and political. I do not come up for reelection until 1980. I do not need this for a headline. As a matter of fact, I would like to be giving out good government awards to the Postal Service for excellent service rather than billions for a deficit. It would please me no end if the Postal Service had been successful, if it had worked out. There might be a few kinks here and there. But it is a disaster. Everybody knows that.

So we offer an amendment. The House acted, and when they acted, they did so in very deliberate fashion. They came over, and I counseled with some of my colleagues on the House Post Office Committee. Mr. ALEXANDER took the leadership, and there were Mr. WILSON, Mr. JENRETTE, and Ms. SCHROEDER. Four of them already said categorically that they are going to stand fast.

I met with the leadership over there. There is talk about a veto by the President. What worries me is a veto by the other body. On September 29, they passed this. Then the Senator from Wyoming introduced his bill as a substitute amendment for the House action. He does not want us to amend anything, but he wants to amend. He says: "Stick 'em up. Give me your money, and don't ask questions." That is all his amendment does.

After the House tried that last summer, on September 29, after a vote of 267 to 113, does the Senate know what the committee chairman did over there? He put the bill back in his committee and started lobbying. He called in all the unions, the Postal Service, the White House interest groups and everybody: Chicken Little, the sky is falling. Then he took the bill out and he got beaten again, on October 30. That is how deliberate it was. That was not a quickie. This House bill has been before us.

The Senator from Wyoming put in his bill in January. We have had 8 months to consider this. Instead of considering it, or anything like that, he spent all his time running around seeing fellow colleagues in the Senate, and said:

Don't do anything. It's a worked out bill. Anything else would be vetoed. We don't want to hear about any complaints. Get us past the election and we'll come back next year.

The Senator from Hawaii says:

That will be your headache, not mine, because I will be gone at that time.

He intimates that we might have to extend the time for the commission. But he will be gone.

Then he has the audacity to come here to talk about a political amendment and how political we are, how irresponsible we are, characterizing by way of a substitute the deliberate action by the House and the consideration of last year.

The House did have hearings; they had months of hearings. After their hearings, they had full debate, and they pulled the bill back into committee and then reworked the body and the membership, with all the lobbyists, and went back on the floor again, and again they had a vote. This is the action taken which is being described as political, as a quickie, and as irresponsible.

They also stated here—and we will have to tie ourselves in our chairs—that to have this amendment now, with no hearings, gives us pause. This is a mammoth thing, to have a quickie amendment with no hearings. They are telling that to the gentleman who has been asking for hearings.

In 1971, they said:

Wait a minute. You're a new subcommittee chairman. Don't get all excited. Give the private corporation a chance.

So we finally got some hearings in 1972 or 1973, and we had 2 days with the Postmaster General. He was running around, trying to get the rugs on his floor and his new kitchen set and hiring top-flight personnel. All one needs to do is not listen to Senator McGEE or Senator HOLLINGS. All one is required to do in this debate is to get a copy of the annual report. It will show actually what this crowd did.

Look at the annual report. All one has to do is to look at the balance sheet on the back page. Everybody can read the annual report. I wish we had this year's annual report.

Here is big business going to get rid of all those politicians sitting around—Larry O'Brien and Marvin Watson and all those other politicians. So Kappel, the big telephone man from AT & T, was going to come in here and put in good business procedures. So they just took the 2,611 managers and increased that to 2,988 and increased their pay all over the lot. I am telling you right now, it was terrible. The Senator and I could not pay them politically, because they make more than Senators and we would not want to pay them that. We know that.

We got to the regional and other field units. They increased employees to 13,615 from 5,761. Can you imagine that? More than double.

The Postal Inspection Service staff doubled from 2,500 to 5,610. Then, they have eliminated 50,000 employees, the mail carriers, like a trucking service just doing away with the trucks. They got in a bunch of management consultants, supervisors, sales personnel, advertising executives, auditors, and accountants, we got in everything in the world except trucks. That costs us too much, to run trucks, so we get rid of the trucks. Here we get rid of the letter carriers.

Mr. HUMPHREY. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. HUMPHREY. This is about what happened with Amtrak and ConRail.

Mr. HOLLINGS. Exactly. And you know what that railroad fellow did? He came in and bought himself a $5,000 membership to Burning Tree Country Club. Then, since he was living in Washington, D.C., he said his $63,000 salary was not enough; he had to embellish it with $26,000 more. That is what they call railway service. One of the key words in Government today is "service." If you do not want to get service, call it a service, have it instituted, and take it out of politics.

Mr. HUMPHREY. That is right.

Mr. HOLLINGS. They will not even answer the phone. Does the Senator not know that postmasters in all States were not allowed to talk to us until this year? Does he not know it was against the rule to talk to a Senator? They had an unwritten rule. Talk about silence at West Point. Your postmaster could not talk to you. And they called that service.

Mr. HUMPHREY. I have had an opportunity to listen to the remarks of the Senator from South Carolina. Of course, those remarks are buttressed by my great respect for his sense of integrity and his knowledge of this matter. Without going into all the details, I just make one observation: When the Postal Service was established, it seemed that it was going to be the great new way of handling the postal needs of our people. There was all this hue and cry about getting the Post Office out of politics, that is true. And almost everybody was for the Postal Service. Now, after several years of this experience, I think one fact stands out: regardless of how bad the politics of the postal service may have been back in earlier days, they delivered the mail. What is more, they delivered it at a whole lot less cost.

The present Postal Service is really a nightmare of mismanagement. It just does not get the job done. Every Senator, if he is honest with himself, knows how long it takes to get a letter from his constituents here to Washington, D.C. We should reestablish the Pony Express. Really, they could run it, actually, with marathon runners. The Greek that ran from one place to another to tell that the Spartans were coming could have done it quicker than some of these present routes. This is regrettably, while humorous, a fact, a sad fact. But I do not believe the problems lie with postal employees.

Mr. HOLLINGS. It is a sad fact.

Mr. HUMPHREY. The amount of time to get a letter from Washington to New York is unbelievable. And they say they do it all by air mail. They must be flying it on the backs of wounded pigeons. What do they mean, air mail? It is just outrageous.

What is more, this business of trying to make the Postal Service a business itself is ridiculous. First of all, if we really want rural free delivery, it cannot pay out. Second, if we want to give service to people in small towns, it cannot possibly be put on a profit basis and it ought not to be.

We do not run our universities for a profit. We do not run our public libraries for a profit. We run them as sources of information, as additions to our culture, as a way of communication, as a part of the commerce of the Nation. The Postal Service is supposed to be a service, just as the weather service is a service. It does not pay any profit. You do not call up the Weather Bureau on the telephone and ask: "What is the weather?" and have them say, "Well, it will cost you $2 to get that information." What they will tell you is there is about a 20-percent chance it will rain or an 80-percent chance it will not. That way, they cannot be too wrong.

We used to get weather service that would say it will rain or it will not rain. Now, we have maybe a 20-percent chance it will rain, an 80-percent chance it will not. We do not know what the weather is going to be, either.

I am pointing out that the Postal Service is supposed to be a part of the educational, commercial, cultural life of this Nation.

I want to say something else to the Senator, if he will yield further. I wrote to the Postmaster General when they decided they were going to close all these post offices and suggested he take a look at the National Rural Development Act passed by Congress. I authored that act with Senator TALMADGE of Georgia. We held hearings all over the United States. That act requires that services of the Government in rural areas be commensurate with services in urban areas. If they are going to close the post office out in my town, then they are going to close it in Philadelphia. I wonder how they would like that.

Mr. HOLLINGS. Amen.

Mr. HUMPHREY. Or how would they like it to close up on Wall Street? There is no reason at all why we cannot have a decent postal service. Whatever reorganization it takes, we ought to have the courage to do it.

Frankly, a business of this scope, a service on the part of the Federal Government of this size, ought to be under the constant oversight operations of Congress. The best way to have accountability is to have the Postmaster General appointed by the President, confirmed by the Senate, and held accountable to the Congress of the United States. Then we would be able to call him on the telephone and say, "Hey, Mr. Postmaster General, the parcel post didn't get here."

That would shake him up a little bit. If we have a President who wants to improve the Postal Service, he will call him in and have some meetings. If we want better service, we shall get better service. But I do not understand this business of sanitizing everything so we cannot touch it. We have all kinds of people in the Government who say, "You must not bring any political pressure to bear." Well, I say if the people of Minnesota need or want something, I shall bring political pressure to bear if I have to get a club. That is what they want. That is what they sent me down here for.

I have had people in Government agencies say, "Well, now, we don't want any pressure." I say, "What do you mean, you don't want any pressure?" When a farmer out in my State needs a loan from the Farmer's Home Administration, I want some action. I was sent down here to do something for the people I represent.

One of the simplest things we always thought was needed was postal service. Good heavens, the United States of America ought at least to have something to represent the Government in every community in this country.

I guarantee one thing: The same government that wants to close the post offices likes to have the income tax. Well, they are picking up the tax. The post office is a symbol they would like to have in these little towns. They have the United States flag out there in front of the post office. I hope they have not cut that out.

They have a sign on the door that says, "U.S. Government Post Office." What we have now are a lot of high-minders that are going to bring corporate efficiency. Let me tell the Senator something: If we get enough corporate efficiency, we shall have about four companies running the country. Corporate efficiency is one thing. A corporation is supposed to make a profit for its stockholders. We in Congress are supposed to see that those who make that profit do not fleece the public. That is our job. If there is a Government corporation that is trying to make a profit for the Government of the United States, my job is to represent the people of the United States and to see that the people get service, that they get a warranty that their letters are going to be delivered.

The Postal Service is pricing itself out of the market, and it is giving poor service. It has reduced the number of em-

ployees that do the job of delivering the mail and, as the Senator has pointed out very well, they have taken care of the people at the top.

Mr. HOLLINGS. Yes.

Mr. HUMPHREY. We have an administrative structure over there that is overhanging the whole operation. I want to thank my distinguished colleague, Senator HOLLINGS, for bringing these matters up in the manner he has done, because this positive debate is long overdue.

Mr. HOLLINGS. I thank my friend. I am obviously delighted, not just because he has thanked me but because of his grasp of what he said with respect to the fundamental power of the Congress of the United States. The first department of this Government of ours was the Post Office Department. We instituted, in a county in West Virginia, where the postmaster happened to be Mr. Wilson and he instituted rural free delivery.

I never was more impressed—obviously, I have small areas in my own State, small post offices. But I went up to Alaska to look at the Big Inch, the big pipeline from Prudhoe to Valdez and coming across the Yukon. We were going up on oil hearings, coastal zone management, and other things, and had hearings at Fort Wainwright, Eielson, and Elmendorf. I had a hearing that I did not plan on. Everywhere I went, we would stop so they could meet the Senators. There were five of us visiting. Somebody would seek me out and say, "Senator, I hear you are trying to keep our post office open here at Windy Cove," a little place in Alaska. That was the center of the community activity. There were outposts that had fishermen, some even had farming up in that area, logging interests, and what have you. "Please keep our little post office going."

The United States is still a pioneer country.

Now, they have got a bunch of crazies running around here with their computers. I ran into one in Charlotte, N.C. He was a former letter official way down the line, and now they have found something for him to do.

He was coming from Savannah to Charlotte by way of Columbia, and what he was to do was to follow a person who was mailing a letter in Savannah, and the mail going through Columbia, S.C., and then go up and discuss it in Charlotte, and put the information into the computer and then spit it out in Winnsboro, S.C. That is just what the fellow would be doing the week before last.

Mr. HUMPHREY. I will be back.

Mr. HOLLINGS. Please come back.

What we have done is to say that 5 percent of the majority of Americans have flown in airplanes. Well, 95 percent still depend on the penny postcard, what used to be a penny postcard, and the little old letter that used to be 8 cents when we had politics in it, and it has gone up to 13 cents, and you cannot get it delivered. It only gets lost for you now.

You cannot go on Saturday and get to the window to get stamps or anything else because they slammed that in your face. If it is a package they will grind it up and spit it out, and put it in a corner.

I see my distinguished friend from Arkansas has arrived. I emphasize, since we are being condemned for quickie amendments, the fact of the matter is that the distinguished Congressman, Mr. ALEXANDER of Arkansas, after 6 months of hearings—this bill started as H.R. 2445, Mr. HANLEY's bill, in January of 1975, and then after 6 months of hearings they reported out in July H.R. 8603, debated it in September, and on September 29, when they adopted the Alexander amendment, they put it back into committee to get it lobbied and get it beaten. They worked it all over with unions and all the other people, the postmasters, the letter carriers, the administration, saying, "You have got to do it our way or no other way."

They took it back out, and Congress, the House of Representatives, spoke very deliberately and positively one more time to have that Postmaster General appointed and confirmed by the Senate, and have the annual review. That is the distinguished Congressman from Arkansas, and he worked on it deliberately. It was not any quickie thing.

The Senator touched on the matter of the confidence, and I think that is why Jimmy Carter is the nominee of our party. He is out there talking sense and he is trying to give the people a feeling of trust that they can get something done. His strong statement is "You can depend on it."

Well, everything, when you look at Washington, look at the rail service, you cannot depend on that. When you look at the Postal Service, you cannot depend on that. Have a look at the results of the Pentagon, and you can argue it all the way around, and Vietnam and everything else, seemingly they say the greatest, primary function of national defense, and you cannot depend on that.

Every time you get to the Secretary of State, well, you cannot find him, it is a secret, for one thing. But much less depends upon him. They finally sneaked him in the last day. I was rather amused with that last week. Here is the poor fellow in such disrepute that he is trying to play catchup football and say nice things to you and nice things to me. But on foreign policy you cannot depend on that. If it had not been for Congress, we would be in another Vietnam in Angola.

In every division, every institution of government, you cannot depend on it. But the nominee now comes and says you can depend on it, and they believe him. They think he is sincere.

When we take this little matter of the Postal Service up, it is simply a proposition of taking up a distasteful task. It is not a happy thing. There will be a lot of hearings, that constant oversight, and you emphasize the word "constant." There is going to be a lot of work, a lot of listening, and a lot of support for that Postmaster General that he does not have now because he is operating all by himself. The Postmaster is disallowed from communicating, or he was, until this year. We could not talk to him, could not have a hearing. The Postal Operations Subcommittee could not meet for 5 years to have him over and get general oversight. So what have you done? You have a void on it, you cannot depend on it, you cannot get your hands on it. That is what the people of America are asking.

Mr. HUMPHREY. May I say to the Senator that the one thing we in Government ought to be able to assure the public is a reliable Postal Service, an efficient Postal Service.

It is not like the questions of developing the atom bomb or the supersonic transport or the space program, and so forth. This is something we have known how to do since Day 1 of this Republic, and the Postal Service has been as much a part of the services of the Government of the United States, and the lives of the people of the United States, as water is to a field in agriculture. It has been part of our national life. It has been absolutely essential.

I come from a family of small business people. I wonder if the Senators here recognize what is happening to the little independent merchant out there—and many of them are not so little. They are so vital to this country. When they want to send out a bulletin to advertise their business or their commodities, they are priced right out, may I say to the Senator. As a matter of fact, it is almost impossible for the hundreds of thousands of smalltown merchants who still represent a tremendous amount of the total gross national product of this country, because they are priced right out of it.

They cannot pass all the costs along. A big corporation can take its postal account, whatever it is, and just build it into the cost and pass it on to the consumer. But you are sitting out there and you are one of five or six supermarkets or one of five or six drugstores or hardware stores out there in a small town, and you cannot pass the increased cost on. You are stuck with it.

I can tell you that to send out the kinds of circulars and ads that we used to be able to mail—that was a part of a contact of a merchant with his constituency or his customers—today is impossible.

First of all, even if you can pay for it, it is impossible. Second, it is uneconomic because you cannot possibly justify the cost of advertising; and, third, the mail service is so bad that the sale is apt to be over before the folder gets where it is going. Believe me, I know of what I speak.

Now, to go back to what the Senator is saying, one of the duties of Government is accountability. We are elected, and whether the Postmaster General is in the Cabinet or whether he is Presidentially appointed and confirmed by the Senate, the simple fact is that every Member of Congress is held accountable for the Postal Service. If you do not think so, go on home and talk to the people. They do not understand all this business Congress has done about setting up a quasi-public or private corporation that has the U.S. Government label on it, but which is not the Government, and so forth. They do not understand that at all. What they know is that the mail did not get there. What they know is it cost

13 cents to send a letter to your mother, and more to come.

And there are just a lot of things we have got to get into that are just not working. Plain commonsense is needed.

If Congress could lay down a mandate saying to the business people of America that the Postal Service will give prompt service, you would get your postal business back. The reason people are leaving the Postal Service, the reason they are going to United Parcel Service and all these other services—and I am not opposed to there being competition—is very simple: the private service gets the job done.

Mr. HOLLINGS. Exactly.

Mr. HUMPHREY. But we are held accountable for a public service that does not get the job done. All we are asked to do is to appropriate money now.

Mr. HOLLINGS. Give them the money and do not ask questions, just like highway robbery. They want $500 million this year out of the Congres, but do not ask a question because asking a question would be irresponsible, using their words, it would be a quickie.

Mr. HUMPHREY. The same sort of thing has happened in the railroad situation. They come in here and have a scoop-shovel, and they say "Fill it up and give us billions of dollars." They run the railroads, and then they come back and say, "We are sorry, we are $1 billion short."

Mr. HOLLINGS. That is right.

Mr. HUMPHREY. That is justified by saying that is the way business is. It is not that way at all.

In the meantime, we are held accountable. I am saying to Members of Congress simply that whether we like it or not the public thinks we are the ones who made this mess and we have not got the courage or the willingness to do something about this situation, and we are being held accountable.

I want the accountability to be shared. I want that accountability to be in the administration as well as in the Congress.

I think that if some of the Senator's proposals are given favorable consideration, we will have an improved service. This is not to select out whoever is the head of the Postal Service at the present time. The gentleman who heads the Postal Service, Mr. Bailar——

Mr. HOLLINGS. That is right, Mr. Bailar.

Mr. HUMPHREY. I have had a chance to visit with him. He has been over to see me. I know he works hard. I know he wants to do his job. The simple fact is, however, that it is not working, and we have to make a change.

I predict that the next President of the United States will be asking for change because we have to have something better than we currently have.

Mr. HOLLINGS. That is right. I think it really is a shame to come after 6 years and actually say that we should do nothing.

We are not asking anything dramatic. We are giving them money in a deliberate fashion. We can start hearings this year and get ready for next year. The Postmaster General can come in with a report. We can take all the GAO reports, start oversight and get to work. We can start that at least in the month of September before we recess. The staffs can be working all fall. The House committee staff is going to be working in October, November, and December. They are going to be getting this information together and get in the support for the Postmaster General.

I understand that my time is about to run out.

In fairness to another group, I shall put their letter in the RECORD. I did not ask for this letter, but this has to do with my quoting yesterday the National Association of Postmasters of the United States and the National League of Postmasters of the United States before the Senate Post Office and Civil Service Committee, April 20, 1976, and these gentlemen said:

> Following this reasoning, we support efforts to return the power of appointment of the Postmaster General and the Deputy Postmaster General to the President and confirmation authority to the Senate. We have every hope this Senate committee will make the needed effort to secure a suitable level of funding from the Congress for a 2-year period while public service aspects are being studied. We would anticipate these funds would be subject to congressional oversight. We believe sufficient time has elapsed in the experiment of a break-even philosophy for the agency responsible for the delivery of the mail. We submit that a more responsive postal system will evolve if the Postal Service is required to submit budget proposals to the Congress.

They say now that some of them have changed their minds because of the threatened veto. We had the Randolph amendment. I asked now and they said that perhaps the deal is off because the Postmaster General said he cannot live with that, so we really ought not bother.

I do not bother about vetoes anyhow. I have to vote my conscience, and the Senator has to vote his conscience, regardless of what the President will do.

I do not want to go back home and say, "Jerry Ford made me vote this way." They would say, "Boy, if you are that immature, we'll send somebody up there that can think for himself and represent his people, not Jerry Ford." That is exactly what they would tell me.

But here is a letter as of this morning:

> DEAR SENATOR HOLLINGS: As National President of the National League of Postmasters, I feel it incumbent on me to correct a misstatement made during colloquy on the Senate floor on yesterday, August 23, 1976.
>
> The error was made by Senator MCGEE during discussions on the Substitute Bill offered by you and supported by a number of other Senators. It was stated that the National Association of Postmasters represented 91 percent of the nation's Postmasters and that the National League of Postmasters represented a mere 9 percent.
>
> To correct the record of proceeding, I call to your attention the fact that the National League of Postmasters vigorously represent not 9 percent but, approximately 60 percent of the nations Postmasters. I am sorry that I can not attest to the numbers claimed by the other organization, since a large number belong to both Postmaster organizations.
>
> The three more prominent speakers on the postal matter considered on yesterday were Senator MCGEE of Wyoming, which has 167 Post Offices—we have 49 members in that state; yourself from South Carolina which has 391 Post Offices—we have 296 members in that state; and Senator RANDOLPH of West Virginia which has 1008 Post offices—we have 926 members in West Virginia.

I am beginning to wonder how Senator RANDOLPH got that many post offices there.

I am quoting further:

> I would hope that you would correct the record to reflect our membership totals. Let me also take the opportunity, on behalf of the National Executive Board and our nearly 20,000 members, to repledge our support to your efforts to resolve the postal mess in a manner that addresses itself to the needs of the Citizens of this nation. Your fight to restore integrity and confidence in our postal system is not going unnoticed by this nation's Postmasters.
>
> Again, we pledge the support of our great organization to you and others as you attempt to correct, not compound, the postal problems of our nation.
>
> With highest regards,
>
> KENNETH H. JENNINGS,
>
> *President, National League of Postmasters.*

I think that takes care of the bill of particulars.

I retain the remainder of my time.

Mr. FORD. Mr. President, will the Senator yield me 30 seconds?

Mr. HOLLINGS. I yield.

Mr. FORD. Just 30 seconds.

Mr. HOLLINGS. I yield to the Senator from Kentucky.

Mr. FORD. Mr. President, I want to raise my voice in support of the Senator from South Carolina.

Mr. President, once again the Congress has been confronted with the necessity of bailing the U.S. Postal Service out of its latest financial crisis. As we consider what course of action to take, I want to remind my colleagues of a small but important group that will be greatly affected by our actions—the small daily and weekly newspapers of this land.

Rising postal rates have had a disrupting impact on Americans of all walks of life, but nowhere has this impact been greater than on the publishing field. The larger newspaper and magazine enterprises, because of their volume and diversity, are better able to cope with the new and additional mailing costs than the smaller operations who now find their very existence threatened.

In Kentucky alone, more than 160 small daily and weekly operations are dependent on the mails to deliver the paper to subscribers.

We are witnessing a trend among the larger metropolitan papers to devote less space to coverage of news in small towns and rural areas. For many papers, this is a matter of simple economics.

Yet, as this occurs, a greater responsibility falls on the small daily and weekly papers—the community press—to transmit the news of local events.

Those of us with roots in small or rural areas have strong feelings about the community press and recognize how a small daily or weekly paper can serve to tie together the various elements of a community.

That is why I am disturbed about the impact and implications of yet another hike in postal rates.

In recent weeks, I have received a considerable amount of mail from the publishers and editors of Kentucky's community press, many of them still family owned and operated. These letters spell

out the many pressing problems which have been left for them to shoulder as a result of an unstable Postal Service.

In the first 6 months of 1976, it has not been unusual for postage expenses to increase between 30 to 50 percent over the first half of last year. These added costs of production are, of course, shared by the subscribers, and it is the very real fear of those editors and publishers that the cost of subscribing to their papers might soon become prohibitive.

I, for one, hope that day never comes. I cannot imagine it being the intent of our Founding Fathers, who went to such great lengths to insure a free and strong press, to see a time when the citizens of this land could not afford the costs incurred in the dissemination of news.

I strongly support a moratorium on postal rate increases as well as a moratorium on the closing of small post offices.

I urge my colleagues to keep these thoughts in mind as we deliberate what needs to be done in order to restore order and stability to our Postal Service, while at the same time preserving the health and well-being of this essential part of American life—the community press.

I thank the Senator from South Carolina.

The PRESIDING OFFICER. Who yields time?

Mr. MOSS. I yield to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, the distinguished Senator from South Carolina stated that we are now $5 billion in deficit.

If he will look at the bill which was passed in 1970, the Postal Reorganization Act, we did anticipate that the Post Office would have to borrow money.

We provided that the post office could borrow up to $10 billion. One billion five hundred million dollars for capital improvements and $500 milion for operating expense each year.

I will read the pertinent section, section 2005, paragraph (a):

> The Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necesary to carry out the purpoe of this title.
>
> The aggregate amount of any such obligations outstanding at any one time shall not exceed $10 billion.

This is law. This was approved when we enacted the bill for the U.S. Postal Service in 1970.

We anticipated the Postal Service's needs to borrow because at that time it was anticipated that the Postal Service had to borrow approximately $6 to $7 billion for capital improvement since the Congress was unwilling throughout the years to give it the amount of money to rehabilitate its post office, to buy machinery, and do all the things necessary to have a first-class post office.

So here, under section 2005, we gave the post office the power to borrow each year not exceeding $2 billion—$1.5 billion for capital improvements and $500 million for operating expenses.

They have been in operation for 6 years. If the Postal Service wanted to borrow money up to the limit that it was authorized to borrow, it could borrow up to $10 billion. Six times $1.5 billion is $9 billion, which would be for capital improvements. Six times $500 million is $3 billion. Of course, that would be $12.5 billion which would exceed the $10 billion limit. But it could, if it wanted to, borrow up to $3 billion today, and borrow that for operating expenses, and the balance, $7 billion, for capital improvements.

It has not done so. As of June 30, 1976, the Postal Service had borrowed $1.5 billion for operating expenses, whereas it could have borrowed up to $3 billion.

As of June 30, 1976, it borrowed $1.5 billion for capital improvements. It could have borrowed five times $1.5, or $7.5 billion.

So to all of this talk about the post office going broke, that the post office has borrowed too much money, I want to call to the attention of my colleagues that we did anticipate that the post office would have to borrow money and, therefore, following that, it has borrowed, but it has not borrowed to the extent authorized. It could have borrowed, as I said, up to $10 billion, but it has not done so. As of June 30, 1976, it has borrowed only $3 billion. It has $7 billion more in borrowing authority.

It is anticipated that it will need, and this has been verified by the distinguished Senator from South Carolina, $125 million more for the transitional period of July, August, and September, and another $500 million in fiscal 1977, from October 1, 1976, to September 30, 1977, giving it a total of $2.2 billion at the end of fiscal 1977.

For capital expenditures it is anticipated it will have to borrow $375 million for the transitional quarter of July, August, and September 1976. And then borrow another $1 billion for fiscal 1977. That is, up to September 30, 1977. That gives it $2,875,000,000 borrowed and it will be returning $67 million. So it will be borrowing, up to September 30, 1977, $2,808,000,000.

Because it has borrowed this money, the distinguished Senator from South Carolina has made a big fuss over it, saying that they have not carried on the functions of the post office in an efficient manner.

Yes, there is evidence of consulting fees being high; there is evidence that there have been no competitive bids; there is evidence that costs and billings may be excessive. But when we look at the figures from the overall figure, we see that $1,400,000,000 was short-changed the Post Office Department from its operating cost because the Rate Commission took so long in putting into effect the rate asked. The operating loss would have only been $100 million instead of $1.5 billion. If we look at it from the standpoint of having lost only $100 million, when it was authorized by the Congress to borrow up to $500 million a year, I would say it has not done poorly.

The distinguished Senator from Minnesota in his colloquy with the distinguished Senator from South Carolina said that it costs 13 cents to send a letter to his mother. He seemed to berate the fact that this is a very costly expenditure on his part, to send a letter to his mother. Then he talks about a small businessman in his State who wants to send out bulletins or pamphlets so that he could increase his business. He cannot take it out of the business because he is a small businessman, and there is the fact that he would have to pay 13 cents for a first-class letter.

When we look at the developed countries in the world, Mr. President, we will find that there is only one nation in the world, and that is Canada, with a lower first-class rate than the United States. Canada, I believe, has a 10 cent rate for first-class letters. The rate in the United States is 13 cents for a first-class letter.

Let us look at other developed countries in the world and see the cost of sending a first-class letter. Then we can come to the conclusion as to whether 13 cents for a first-class letter is high.

To send a first-class letter in Australia costs 22.9 cents, not 13 cents. That is almost 10 cents more than the United States. It is 16.7 cents in Belgium, 3.7 cents more than a first-class letter sent in the United States. It is 18 cents in France, 5 cents more than the postage of the United States. It is 16.6 cents in Japan, and I understand that is going up. Even at 16.6 cents it is 3.6 cents more than the charge for a first-class letter sent in the United States. It is 20.7 cents in the Netherlands, 7.7 cents more than a letter sent in the United States. It is 23 cents in Sweden, 10 cents more to send a first-class letter than in the United States. It is 15.5 cents in Switzerland, 2.5 cents more than in the United States. It is 17.3 cents in the United Kingdom, 4.3 cents more than in the United States. It is 19.5 cents in West Germany, which is 6.5 cents more than that in the United States.

The price of postage in most other countries takes a far greater share of the individual's income. For example, in the United States, the average worker must spend 1 minute 22 seconds to pay for a letter while in Japan, it is 3 minutes 50 seconds. The average American works 1 minute 22 seconds to pay for the 13 cents for which the Japanese worker will have to work 3 minutes 50 seconds.

When they say that the postage being charged for sending mail through the post office in the United States is exhorbitant, those who say that do not know what is being charged in the other countries in the world.

If they want cheaper postage rates, they can go to Canada and save 3 cents, or they can go to the Soviet Union. Those are the only two countries that I know of which have a lower rate, which have an economy comparable to that of the United States.

So the 13 cents per letter which is now being charged is not an exorbitant cost to the mailer in the United States. But because it has risen to 13 cents, many of those who do not know the comparable figures for other countries complain loudly that this is an exorbitant amount. I do not know whether they want the post office to be wholly subsidized by the people of the United

States. But when we enacted the Postal Reorganization Act in 1970, we said that it would pay its way.

It has not been able to pay its way because of the inflationary costs, because of the increase in labor costs, because of the lateness of the increase in postal rates—those are the reasons why we are now faced with a deficit.

The deficit of $1.5 billion up to June 30, 1976, is actually a deficit caused by a late finding by the Postal Rate Commission, which would have given the Postal Service an additional $1.4 billion in revenue had it acted immediately after the request was made.

Of course, we cannot blame the Postal Rate Commission, because it was a new thing; it had to study all the facts, and studying the facts took a lot of time. The first rate decision came out 23 months after it was requested. The second rate decision came out 17 months after it was requested, and the third rate decision came out in about 10 months. So we can see that he ratemaking procedure now is getting quicker.

All in all, if we look at the Postal Service in the light of the amount of mail that is being sent through the post offices—approximately 90 billion pieces—we can see how easily there can be a hue and cry in the community that some of the mail is slow in coming, and some of the packages are broken; because if we had only a 1-percent slowness of the mail, we would have 900 million pieces that would be slow. If we had 5 percent of the mail going through the post office being misdirected or delayed, we would have almost 5 billion pieces of mail, and that certainly would raise a hue and cry in the country.

But what has the Postal Service done? Since its inception, from 1970, it has decreased its number of employees by 65,000. It has closed post offices—naturally this is where the hue and cry is coming from. Some postmasters do not like that. People who work in the post office do not like it. It has consolidated other post offices; and certainly people do not want to move from where they are living to another post office in another community, and they hang on the lapels of their Congressmen and beseech their Senators, and tell them of their anguish, and that they do not like what is going on in the Postal Service.

But when you consider the closing of 1,300 post offices by consolidation or by elimination, 1,300 post offices since 1971 either by consolidation or by elimination, and the reduction in forces of 65,000 in the Postal Service, and that if they had not mechanized, we would have had to have those 65,000 more people, which has resulted in a saving of approximately $600 million a year, the Postal Service, by doing that, in the last 6 years has saved $3.6 billion.

I am not saying that everything is good in the Postal Service. Surely, we have torn packages. Surely, we have misdirected mail. Surely, we have mails that have not been delivered. Surely, there have been contracts given out which have not been competitive. Surely, we have had buildings built which probably have been far in excess of what should have been built. Surely, we have excess space which could be rented out.

But if you look at the whole picture, a corporation that deals with figures of $15 billion a year, with 675,000 employees—whereas there were 730,000 employees before, it now has been reduced by 65,000 to 675,000 employees—with all of the responsibility of trying to give most of the mail 1 day delivery, some mail 2 days delivery, and some mail 3 days delivery—and there is a schedule here that the Postal Service has tried to follow, which we feel is a reasonable schedule—and that it has lived up to 90 to 95 percent of its schedule, that may not be the maximum or the ultimate in Postal Service efficiency, but I say when you look at the whole picture, where they have saved so much money and they have reduced their number of employees, whereas they would have had to increase the number of employees otherwise, when they are beginning a new type of service, with a new method of delivering the mail by having bulk mail centers where they try to handle the mail by automation, there are bound to be errors, and I say that if we have a 5-percent error in anything we do, we are doing pretty well.

So all this fuss about the Postal Service not being efficient, by people who say they know persons whose mail has been late, that they know that mail which has been carried by aircraft did not reach its destination in time—certainly there are these complaints, but I say that when you look at the whole picture, I would say the Postal Service has done a fair job.

This Postal Service has been in operation for only 6 years. When you consider it is a corporation that deals with $15 billion a year in revenues and expenditures, you are dealing with a very, very large corporation, one of the biggest in America. The complexity of running the Postal Service, of trying to give everyone fast and efficient service, of taking care of the rural communities as well as the metropolitan areas, of seeing that service is not being curtailed, and the fact that every time you do something you have the people in Congress watching, jumping at you, and saying that you have not done the right thing, all in all, I would say, the Postal Service has done a fair job.

Certainly it could be improved, and I do hope that it will be improved. I think the colloquy and discussion that we had will be very conducive to the improvement of the Service, because the managers of the Postal Service will know what the criticism is, and I know they will look into these criticisms and see what can be done.

I, for one, would like to see the Postal Service continued as it is. Give it some time; in time it will work out its deficiencies. But do not say, "Let us drop the whole thing, because here we have a consulting contract that should have been for less money," or "Drop the whole thing because here we have a few more people in the administrative end."

To run an efficient business you must have efficient administrators and if your administrators are not efficient at the top, if they are not able to give you a good system, you will not be able to run an efficient service.

I do not know why the administrative force has been increased, but I think it is because of that. And as a businessman I know that you have to have good men at the top to really direct the operations of the business.

Just because they build a building which is in excess of what they feel that it should be is no reason to throw the whole postal system out. It is like saying here is a baby who has a cold, has a running nose, and has a little itch. Let us throw the whole baby out. You cannot do that. We just take care of the things as we see it. If the baby has a cold, let us see the doctor and see what we can do to prescribe medication for the cold. If the baby has a little itch, let us put a little salve on him. Let us see what we can do to put this baby in good health.

I do not say this post office is in very good health. I say it is in fair health. It has done what it was supposed to do.

We have given it the right to borrow $10 billion. I think it will borrow approximately $5 billion up to September 30, 1977. It has not gone to the $10 billion we anticipated, and I think that it should be given a fair chance to exist.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, what is the time situation that remains?

The PRESIDING OFFICER. The Senator from South Carolina has 10 minutes remaining, and the Senator from Wyoming has 28 minutes remaining.

Mr. McGEE. If it is agreeable with my colleague from South Carolina I shall proceed for a few minutes.

Mr. HOLLINGS. I appreciate it.

Mr. McGEE. I have the time here.

Mr. FONG. Before the chairman begins, may I ask him a question?

Mr. McGEE. Yes.

Mr. FONG. The GAO has made many reports on the Post Office. It has made approximately 140; is that correct?

Mr. McGEE. That is correct, usually at the request of individual Members of Congress one way or another.

Mr. FONG. And they have found some of these discrepancies and some of these shortcomings; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. What was the final conclusion of the GAO? Did it say that the Postal Service needs financial help?

Mr. McGEE. They indeed did say that they needed financial assistance.

Mr. FONG. This is what we have in the bill.

Mr. McGEE. That is in the bill.

Mr. FONG. Did the GAO say that the post office should continue the Postal Service as it is?

Mr. McGEE. As a matter of fact their words were that the reorganized structure was indeed on track and, to quote them, there was nothing basic in the structure of the reorganized post office to spell its doom, that there were many quirks and curves in its course that still needed to be tightened up, and God knows we all are aware of that, but they said do not throw out the baby with the bath.

Mr. FONG. So the General Account-

ing Office after 140 reports, after looking into this post office as it has by so many years of study and inquiry, has come up with a report that we should keep it; is that correct?

Mr. McGEE. That we do not throw it out.

Mr. FONG. We do not throw it out.

Mr. McGEE. Or put it away. There is room for improvement.

Mr. FONG. Yes.

Mr. McGEE. But let us not disturb its basic infrastructure that seems to be on the right track according to their evaluation.

Mr. FONG. And this bill keeps it.

Mr. McGEE. This bill seeks to do that, at least until next spring at which time we shall have a report from the commission and at which moment any proposals, including those from my colleague from South Carolina, my colleague from South Dakota, or our colleagues from any place, all should be put into the mill, hearings should be held on them, an examination and a correlation of them should be undertaken, and then we will decide, in the judgment of Congress, what is the wise way to proceed.

Mr. FONG. As I understand the General Accounting Office also endorses the idea of this postal commission.

Mr. McGEE. They thought the commission was a good idea for again a specific reason. The commission originally was conceived as a group to assess what the public interest factor is and the GAO had a look at that, had run it through their computers and their studies, but they felt that their studies left out the human factor and the political factor and that only Members of Congress could best judge that one; that is, what the public interest ingredient ought to be in the postal budget, and that also ought to be the point of very intensive hearings in order to make a good judgment on it. I think there ought to be rather substantial public service subsidies in it, but that is only my point of view. We have to have an indepth study on this one that the GAO pulled back from because theirs was mechanistic rather than injecting the political-human factor.

Mr. FONG. So the three recommendations made by the General Accounting Office, after all of its studies, are those embodied in the bill which we have before us?

Mr. McGEE. That is correct.

Mr. FONG. We have followed the recommendations of the GAO.

Mr. McGEE. And we have interpreted those recommendations as sustaining where we are as the lesser of the evil options that may confront us and in order to permit us to take the next steps wisely. There is the recommendation that we then have a moratorium and a commission study, because until we get out of the throes of politics of a Presidential election year, no one has full time to devote to this. This will enable us then to ask the right questions in the right depth in an attempt to arrive at wise recommendations next spring.

Mr. FONG. Since we do not have the time to really investigate and study the problem, the General Accounting Office, after making 140 reports, after all these years of investigating and inquiry, is the best agency to really come out with a recommendation.

Mr. McGEE. It is the investigative arm of Congress; in other words, it is our baby, and we have reason to believe that they have done a very credible job in trying to assess this forthrightly.

Mr. FONG. I believe that the General Accounting Office has done a credible job and that its recommendations are good recommendations, and we have embodied these three recommendations in the bill before us.

Mr. McGEE. They are all in the bill, and it is the only way we are going to be able to move ahead. Otherwise, we will move backwards and introduce chaos.

Mr. FONG. When we passed this bill in 1970 we did anticipate that the Postal Service would have to borrow money.

Mr. McGEE. We anticipated that they not only would have to borrow money but that we would have a great many headaches along the way, because they had to undo a lot of things from a kind of a jumbled past in an attempt to bring order out of the hodgepodge that was the old Postal Service.

Mr. FONG. Then we stated in the bill, which we passed in 1970, that the Post Office could borrow up to $10 billion.

Mr. McGEE. $10 billion, that is right.

Mr. FONG. We anticipated it needed that money?

Mr. McGEE. That is for capital investment.

Mr. FONG. Capital and operating expenses.

Mr. McGEE. Right.

Mr. FONG. The Postal Service could borrow up to $2 billion a year.

Mr. McGEE. Right.

Mr. FONG. $1.5 billion for capital expenditures and $500 million for operating expenses.

Mr. McGEE. Right.

Mr. FONG. Six years have passed; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. Six years have passed. So if the Postal Service wanted to go out, it could have borrowed $10 billion.

Mr. McGEE. All $10 billion.

Mr. FONG. All of the $10 billion. But it has not borrowed all of the $10 billion. As of September 30, 1977, they would have borrowed approximately $5 billion.

Mr. McGEE. Right.

Mr. FONG. That is correct. That is about one-half of what we had told them they could borrow.

Mr. McGEE. The Senator is absolutely correct.

Mr. FONG. I thank my distinguished chairman.

Mr. McGEE. Mr. President, I am in receipt of a letter from the Postmaster General of the United States, and I want to make that letter in its entirety part of the Record, but I want to select from it its key points. He says:

> DEAR MR. CHAIRMAN: As the Senate continues its consideration of H.R. 8603 today, I want to share with you some of my thoughts regarding the legislation....
>
> The four goals that the Postal Service was established to attain were:

And these are quotes now out of the act.

> One, to provide uniform, quality mail service to all Americans.
>
> Two, to charge fair and reasonable rates.
>
> Three, to provide wages, benefits and physical working conditions for postal employees comparable to those in the private sector.
>
> Four, to achieve financial self-sufficiency.

The evaluation that has been run on the Postal Service by investigative groups, added to the contracted evaluations that have been undertaken, lead him to these conclusions.

Service is the first attainment:

> According to every objective standard available to us, service today is better than at any point in the last five years.

It represents a constant, go slow upgrading. This is because of the complications of taking over and changing over a very complex system.

Second, fair and reasonable rates: While we acknowledge the obvious fact that postal rates have increased, everything has increased because of the inflationary impulse of our times—double-digit inflation much of that time. Compared with the other developed countries of the world, as my colleague explained a few moments ago, ours is the lowest first class mail rate in the Western World, with the exception of Canada, where it is now going up to 10 cents, compared to our 13 cents, but they will deliver it in Canada when they are not on strike, and that is a big if.

The average among the Western nations is 21.5 cents for first-class mail. The GAO's conclusion on this, he points out, was that 13 cents, much as it was a sharp jump, is still one of the better bargains at loose in our society.

The third objective of the Postal Service is comparable wages, benefits, and working conditions. This goal has been attained. Those who are the beneficiaries of the attainment of those goals now have expressed their organized misgivings about slipping back into yesteryear, and that is why the organizations that must work within the midst of this system, upon whose shoulders falls the responsibility for the success of the system, support this proposal. Eighty-five percent of the budget of the Postal Service is worker oriented because of the very personal nature of the kind of service that is required. It is these groups which say that we must accept the compromise that is pending today. They are on the record, virtually without exception, saying that they have to oppose the Hollings amendment. That is the essence of the third attainable proposal in the mandate to the postal system as envisaged by the Postmaster General.

Fourth is financial self-sufficiency. This is the major goal around which centers more failure than anything else, but those failures have to do with the inflationary process, with the very slow rate-making machinery that would have made is possible to balance that budget in 2 of the last 5 years had the rate increases been allowed within a reasonable period of time.

Finally, the ultimate assessment, as the

Postmaster General says, is that no matter what changes in the law may be made, hard decisions also must be made along with that. The choices are difficult, at the very best. The Postal Reorganization Act, which set forth these laudable objectives, is indeed being lived up to, and its ultimate objectives are in sight.

The Postmaster General concludes:

I urge you and your colleagues not to undo the work of the last five years and to give postal reform a full chance to prove itself by enacting H.R. 8603 without substantive amendment.

I again point out to Senators where this matter stands now. We have had repeated quotations from almost every relevant group interested in postal service saying that they supported something else. Of course they did. I supported something else, because we were groping for a meaningful way to move ahead.

But now we have come up against the prospect of an impasse—namely, a veto—if there are substantive structural changes in the bill. For that reason, there has been a change in the point of view, an adjustment in the point of view, of the related postal groups that are involved in the process of trying to make the system work.

While other citations have been made, we have double checked, and I will read into the record now the support for the compromise measure, what the Senator from South Carolina calls the McGee bill. It is the McGee bill only because we tried to hammer together what we could get from all sides, what would be attainable, and what would hold the postal system together.

First, I have a letter hand-delivered to me from the National Rural Letter Carriers. They were represented yesterday by the Senator from South Carolina as opposing this proposal and favoring his approach. It is signed by their president, Lester Miller. They want the record to show that they are totally in support of the compromise bill, the one that is pending here, as the substantive legislation, "we are unalterably opposed to any weakening amendments," including the one we are debating at this moment.

We have similar statements of support now, in the light of the realities of the impasse to which I have just alluded, from the National Association of Letter Carriers. That is one of the largest of the work force units in the Postal Service. We have one from the large American Postal Workers Union; from the Mail Handlers-Laborers International Union; from the Public Employee Department of the AFL-CIO; from the National Rural Letter Carriers, which I just cited; from the National Association of Postmasters of the United States, who have 91 percent of the postmasters in their membership; from the National Association of Postal Supervisors, who are meeting at this moment in St. Louis and have relayed this message to us; from the U.S. Postal Service; from the White House; from the Office of Management and Budget; from the chairmen and the ranking minority members of the relevant committees in the House and the Senate; from the Parcel Post Association; from the American Legion and the Veterans of Foreign Wars—both of which groups have some concern in the various levels of mail service and mail rates.

That is a formidable grouping. It is not an exhaustive list, but it is a representative list. The burden of their support is not that they love this compromise, not that they are delighted with this proposal; but, rather, it is the best we can get and still hold the Service together. That is the name of the business here, in this body—the art of the possible, not the art of fun and games; not the art of attack with a sword; but what we can do in an agency and with an agency that cannot afford to be stopped, to be shoved aside, until we make up our minds, an agency that has to continue to serve without interruption all the time that our discussions in this body are going on.

Therefore, it is with that in mind that I submit that this is the best we can do until all the excitement of an election year can be put behind us and we have adequate time to assess what should be done in the long run, in the big picture, to evaluate all the points of view, not just a quick point of view from the Senator from South Carolina or the Senator from Hawaii or the Senator from Wyoming, who may have a particular approach to a problem.

We owe it to the whole Nation to integrate the entire philosophy, the entire problem sector, and the entire structural operation of a postal system that has been put together in the national interest with service, public service, as its first priority.

Mr. President, let us examine the impact of the proposed substitute amendment on the total of Federal expenditures in future fiscal years.

Under the open-ended authorization of "such sums as may be necessary for the operation of the Postal Service", Congress would be required to appropriate annually the entire operating budget of the Postal Service. This figure is currently around $15.4 billion for fiscal year 1977, and it is expected to increase substantially in future years. Budget and spending ceilings would have to make room for this entire amount.

The burden would fall upon Congress to appropriate sufficient funds to meet the demands of large mailers for special rates, the demands of labor negotiators for improved benefits, the demands of public interest blocs for special services or for the maintenance of noneconomic facilities, and whatever other demands for postal frills might conceivably emerge. What is more, we would be unable to refuse these demands without offending some significant portion of the voting public.

Mr. President I ask unanimous consent to have printed in the RECORD the letter addressed to me by the Postmaster General.

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

THE POSTMASTER GENERAL,
Washington, D.C., August 24, 1976.

Hon. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As the Senate continues its consideration of H.R. 8603 today, I want to share with you some of my thoughts regarding the legislation.

Regarding amendments expected to be offered today, I am concerned that the fabric of postal reorganization could, if some of these amendments are adopted, be irrevocably torn. I would urge that you share with your colleagues some of the pertinent facts of the situation.

As Postmaster General, I have come to appreciate the vast complexity of the problems faced by the Postal Service. However, I have also concluded that the Postal Service—in its five short years of existence—has been able against large odds to make major steps toward realizing the goals of the Postal Reorganization Act.

During this period, the Postal Service has been forced to make many decisions that, while unpopular, have been necessary. Yet it must be realized that a permanent solution of postal problems will probably never meet popularity standards, and I question whether reverting to Congressional control, which would be the practical effect of the amendments being considered today, would do anything other than redistribute the blame for these problems.

The four goals that the Postal Service was established to attain were:

One, to provide uniform, quality mail service to all Americans.

Two, to charge fair and reasonable rates.

Three, to provide wages, benefits and physical working conditions for postal employees comparable to those in the private sector.

Four, to achieve financial self-sufficiency.

Following is our record matched against these goals:

1. Service: According to every objective standard available to us, service today is better than at any point in the last five years. This has been substantiated by the General Accounting Office.

2. Fair and reasonable rates: While we acknowledge the obvious fact that postage rates have increased during the lifespan of the Postal Service, it is also true that measured against every industrialized Western nation, the United States continues to enjoy the lowest rates with only one exception. That exception is Canada, where—when subsidies are taken into account—the true rate today is higher than the United States rate.

3. Compared wages, benefits and working conditions: This goal has been attained.

4. Financial Self-Sufficiency: This is the one goal we have failed to achieve or the Senate would not be considering the legislation now before it. However, the reasons for this failure are primarily the extraordinary economic circumstances—double digit inflation and recession—of the past five years; inordinate delays in the rate-making process; and the basis costs of accomplishing the first three goals of postal reorganization.

Further, it should be recognized that the primary intent of this fourth goal was to establish responsible fiscal management within the Postal Service based on discipline and sound planning. In this sense, this goal has been realized. Yet ironicaly it has been the exercise of this responsibility that has brought about the current weakening of public support.

When faced with an estimated $1.4 billion deficit in fiscal 1976, the Postal Service acted to cut its costs and reduce this deficit in every responsible way without affecting the basic service we provide. Since January 1975, we have reduced our payroll by 38,000 jobs, saving $610 million. We have accomplished other substantial savings, including a reduction in the use of overtime. In addition, we have attempted to realistically evaluate the number of post offices, stations and branches needed to serve the American people, while also attempting to establish a dialogue about the long-range postal needs of the American people.

I continue to believe that, no matter what

changes in the law may be made, these hard decisions should be confronted and difficult choices made.

The Postal Reorganization Act began the process of postal reform, and current postal policies are the extension of this process. During the 18 months I have been Postmaster General, these policies have been consciously pursued in the knowledge that while they would not necessarily be popular, they represent the true postal reform that the Congress intended.

I urge you and your colleagues not to undo the work of the last five years and to give postal reform a full chance to prove itself by enacting H.R. 8603 without substantive amendment.

Sincerely,

BENJAMIN F. BAILAR.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. HOLLINGS. Mr. President, right quick, with regard to the National League of Postmasters, I want to cite a letter, if Senator McGEE will listen:

DEAR SENATOR HOLLINGS: As National President of the National League of Postmasters, I feel it incumbent on me to correct a misstatement made during colloquy on the Senate floor on yesterday, August 23, 1976.

The error was made by Senator McGee during discussions on the Substitute Bill offered by you and supported by a number of other Senators. It was stated that the National Association of Postmasters represented 91 percent of the nation's Postmasters and that the National League of Postmasters represented a mere 9 percent.

To correct the record of proceeding, I call to your attention the fact that the National League of Postmasters vigorously represent not 9 percent but, approximately 60 percent of the nation's Postmasters. I am sorry that I can not attest to the numbers claimed by the other organization, since a large number belong to both Postmaster organizations.

The three more prominent speakers on the postal matter considered on yesterday were Senator McGee of Wyoming, which has 167 Post Offices—we have 49 members in that state; yourself from South Carolina which has 391 Post Offices—we have 296 members in that state; and Senator Randolph of West Virginia which has 1008 Post Offices—we have 926 members in West Virginia.

I would hope that you would correct the record to reflect our membership totals. Let me also take the opportunity, on behalf of the National Executive Board and our nearly 20,000 members, to repledge our support to your efforts to resolve the postal mess in a manner that addresses itself to the needs of the Citizens of this Nation. Your fight to restore integrity and confidence in our postal system is not going unnoticed by this Nation's Postmasters.

Again, we pledge the support of our great organization to you and others as you attempt to correct, not compound, the postal problems of our nation.

I want to reserve a couple of minutes, Mr. President, for getting right to the main point. We can keep correcting this record. I rather resent and resist, I would say, the idea that we have "a quick approach," "a quick point of view," "the art of playing games," "to come now in this fashion with a substitute is irresponsible," that "there were no hearings; you should give us pause"—these are quotes from the distinguished chairman of the Committee on Post Office and Civil Service. Obviously, I resent it, because I have been trying to have just that—hearings.

"Do you want to have a lunch?" That is what I was told, we would have a lunch with the Postmaster General. As the chairman of the Post Office Subcommittee, to the Senator from North Carolina, I say we have not had a hearing in 5 years.

Now, when they come with a substitute, they say, "Why not have hearings, let us be more deliberate, let us not be too quick."

How quickie is this? This H.R. 8603 we are now considering started in January last year, after 6 months of hearings, not here, on the House side. They reported it out in July, voted on it in September. After an overwhelming 3 to 1 vote, the chairman over there, that the Senator from Wyoming says he is making this firm agreement with, pulled it back into his House Post Office Committee. They brought it back after a month of lobbying by postal employees, the labor unions, the organizers for the mail carriers, the White House, and everybody else. And the House still passed H.R. 8603. The GAO says it still supports provisions in the House-passed bill, H.R. 8603. And he is the one offering the committee amendment in the nature of a substitute. Let us get that clear.

I am bringing this back in, after a year and a half. The Senator from Wyoming put his bill in in January, 8 months ago. He says, let us wait until next February and start hearings. He has had 8 months. He has only given his blue ribbon commission 4 months. They could not get organized until October, as everybody knows.

I am saying this has been very deliberate, very well worked out within the budget. I have a letter signed off from the Committee on the Budget.

Mr. MUSKIE. Mr. President, the Senate has before it H.R. 8603, the Postal Reorganization Act Amendments of 1976. This is an authorization bill that if enacted will most likely lead to increased Federal spending in a supplemental appropriation, and so it particularly requires scrutiny in terms of its relationship to the first budget resolution for fiscal 1977. While there are also important organizational issues surrounding our consideration of this legislation, my comments are addressed only to the budget implications of the pending proposals.

To begin with, Senators will recall that the Senate version of the first budget resolution assumed inclusion of an additional $1 billion payment in fiscal year 1977 to assist the Postal Service in financing its projected deficit. The House version of the budget resolution did not assume inclusion of these funds, and they were subsequently removed in conference. However, in an exchange of correspondence, Senator Moss, speaking as chairman of the Senate conferees, wrote to Senator McGEE, chairman of the Post Office and Civil Service Committee, that it was the intention of the conferees that the Senate's consideration of H.R. 8603 was not to be prejudiced by this exclusion.

Now the authorizing committee has concluded its deliberations and reported its bill, which would authorize an additional $500 million to be applied in fiscal 1977 to the Postal Service's debt. Senator HOLLINGS is sponsoring a substitute amendment that would authorize $1 billion. Since passage of the first budget resolution, the staff of the Budget Committee has further studied the financial problems of the Postal Service, and they agree that additional amounts up to $1 billion are needed by the Postal Service to finance its projected deficit. They also agree with the analysis offered by the authorizing committee that if additional funds are not provided, the Postal Service could experience an impairment of its operating capability, which in turn would intensify the pressure for postal rate increases and service reductions.

Let me explain as precisely as I can what it would mean in fiscal 1977 budget terms to enact and fund H.R. 8603 either as reported by the authorizing committee or as provided by Senator HOLLINGS' substitute amendment. I refer you to page 13 of the August 23 Senate budget scorekeeping report. Here it shows that the Budget Committee staff's current estimate is that funding of additional budget requirements could produce fiscal 1977 budget totals of $447.7 billion in budget authority and $414.3 billion in outlays.

This would be $6.5 billion in budget authority under, and $1 billion in outlays over the first budget resolution targets. These totals include the estimated effect of possible later requirements which have not yet been considered by the Senate, and therefore are tentative at this time. But the general budget picture is clear—we have a little room left in budget authority, but budget outlays are very tight.

Relating this to the legislation before us, my current estimate is that enactment and funding of either the committee bill or the Hollings substitute would not cause us to breach the first resolution budget authority target. However, enactment and funding of either would create serious pressures that could cause us to exceed the outlay target.

The Budget Committee is about to go into markup on the second budget resolution, and I believe I speak for all the members of the committee when I say we will try our best to keep the second budget resolution ceilings from exceeding the first resolution targets. Clearly this will be easier to accomplish if the Senate approves additional Postal Service assistance of $500 million instead of $1 billion, but I will not tell you that it is impossible at the higher level. There are just too many uncertainties. We will be considering these uncertainties in more detail when we actually get into markup next week.

Mr. President, let me say again that the first budget resolution adopted in May contemplated that the second budget resolution might need to be adjusted upward to accommodate some or all of the cost of this legislation. The conferees gave explicit recognition to this possibility when they agreed to accept the House position and eliminate the additional Postal Service funds as provided in the Senate's version of the first budget reso-

lution. They agreed to wait for the decision of the Congress on the legislation now before us. The conferees felt that the most important consideration was that legislation representing the most responsible approach to financing the Postal Service's deficit be enacted. The Budget Committees would then do the best they could to have the budget resolution accommodate that approach.

Each Senator must make up his own mind as to the most responsible approach. Speaking as an individual Senator, and not as Budget Committee chairman, I can say that I am prepared to support an additional fiscal 1977 Postal Service authorization up to a maximum of $1 billion. This is the amount the Postal Service is projected to lose next year, and I believe we would be kidding ourselves if we assumed that the Postal Service could get by without additional funds. Finally, I believe the Postal Service organizational issues should be considered on their merits, separate from the funding level question.

THE POSTAL REORGANIZATION ACT: MORE DEFORM THAN REFORM

Mr. CHURCH. Mr. President, under the slogan "Take Politics out of the Post Office" the Nixon administration prevailed upon the Congress to enact the 1970 Postal Reorganization Act. I said at the time that I was skeptical it would work. I felt that removing Congress completely from overseeing postal operations went too far. Without recourse to Congress, I feared that small towns and individual patrons would have little leverage in dealing with the gigantic quasi-independent corporation that the Postal Service was to become.

What has happened since 1970 has confirmed my worst apprehensions. Acting on its own, and without accountability to Congress, the Postal Service sharply increased postal rates, permitted its service to steadily decline, and incurred larger deficits than ever before.

Clearly, as it turned out, there was more deform than reform in the Reorganization Act of 1970. It is time for Congress to try to find a remedy. For this reason, Mr. President, I am supporting the amendment offered by the distinguished Senator from South Carolina (Mr. HOLLINGS).

The Hollings amendment would reassert congressional control over the postal budget by requiring annual congressional authorizations, and by making the Postmaster General an appointee of the President, to be confirmed by the Senate. In addition, the amendment would freeze postal rates and preserve existing services until the first review is completed next year. With the inclusion of the Randolph amendment, which I also support, it would also guarantee the right of small towns to be heard and to appeal any proposed closure of their post offices.

Mr. President, the time has come for Congress to reassert its responsibility for the mail, to better insure that the people receive adequate service at reasonable rates. I urge my colleagues to support the Hollings amendment.

Mr. HATHAWAY. Mr. President, I am pleased to be a cosponsor and supporter of the amendments to H.R. 8603 offered by the Senator from South Carolina (Mr. HOLLINGS).

These amendments incorporate a number of the provisions affecting the operations of the Postal Service as contained in my own bill, S. 3569, which I introduced on June 15, 1976.

Over the last few years it has become apparent to me that the ongoing problems of the Postal Service have been of great concern to many of my constituents, and that they feel this entity has become out of touch with their needs. I have heard from small businessmen, from those associated with educational institutions, from users of the mail in both rural and urban areas, and from postmasters and postal employees, all of whom have urged that some corrective action be taken by Congress with respect to the Postal Service.

Both my bill and our amendments are based on the assumption that in order to restore the Postal Service to a position of public confidence and trust, it is necessary for both the Congress and the President to exercise greater oversight and control over its operations. The Postal Service must be made more accountable and responsible to the elected representatives of the American people. Furthermore, if we are to fulfill our own responsibility to those who elected us, we must again undertake this job.

The problem with the Postal Service in recent years has been that both the Congress and the President have viewed the situation as someone else's problem and not their own.

In supporting these amendments, I would like to address the point made by the distinguished chairman of the committee that his bill must not be amended. He stresses that the committee has worked hard in creating the legislation now before us, that this bill is the only vehicle which is acceptable to all of the various interest groups affected, that any changes whatsoever will destroy this acceptability and will run the very substantial risk of a Presidential veto.

Consequently, we are told that this bill before us today must be passed without amendment, no matter how attractive individual amendments might be, and that if amendments are approved by this body, the whole bill will be doomed and the future of the Postal Service will be at stake.

I respect the chairman's position on this and appreciate his hard work in what is admittedly a complex and difficult area. I know he is sincere in his assessment of the administration's position and I know he has put together the best bill possible given his view of the circumstances.

It would, however, be a terrible precedent for this body to refuse any and all amendments, no matter what their merit, simply to preserve a tenuous compromise and to avoid the mere threat of a veto.

We should never act or refuse to act simply out of fear of a veto. Our constitutional system contemplated a different set of goals for us. The rules of this body require that except in very limited circumstances, there be full and open debate on any measure brought before it and that individual Members be able to offer and discuss such amendments as they see fit. We consider this structure to be vital to our ability to produce legislation which addresses the problems and concerns of all our citizens in all parts of the country in as complete a fashion as possible.

A Presidential veto is of course a possibility with regard to the measure before us, as it is with any measure we consider. Unfortunately in recent years, vetos have been an increasing possibility.

If there is a veto, we shall deal with it appropriately and I sincerely hope we will be successful in overriding it.

Despite arguments made earlier, an amended bill, followed by a Presidential veto would not result in a stalemate, an impasse in which the Postal Service would be unable to receive needed subsidy. On the contrary, our failure to amend the measure before us would be far more damaging to the future of the Postal Service and would result in a continued situation of malaise and stagnation.

I have discussed this matter with a number of my constituents who have urged that I support the committee bill as a less than ideal, but still acceptable, compromise. They have stressed, as has the chairman, that they wish to avoid a Presidential veto and want to see Congress take a first step toward putting the Postal Service back on its feet.

Many of these individuals are postal workers or are otherwise directly affected by this legislation, and I can understand and appreciate their concern and their sentiment.

At the same time I have explained my view of my function—to work to produce the best possible legislation to meet the needs of all my constituents, to begin to address the problems of the Postal Service on a long-term basis, and not to accept some watered-down compromise.

Furthermore, this measure before us today is not an all or nothing proposition as far as the continued solvency of the Postal Service is concerned. Under existing law, section 2004 of title 39, there is standing authority for Congress to appropriate necessary funds to provide needed public service subsidy to the Postal Service. Therefore, if the President were to veto this measure which specifically authorizes an additional $1 billion in such subsidy, Congress would still be able to appropriate such funds under the open authority already in the law.

In this way we will be able to meet the current crisis of the Postal Service and at the same time we will have met our duty by sending to the President legislation which addresses the Postal Service's problem on a more long-term basis.

When Congress enacted the Postal Reorganization Act of 1970, it hoped to set up an independent business entity which would ultimately need no Federal funding whatsoever. Day-to-day business decisions would be left to the Postal Service and its managing Board of Governors. Rate decisions would be made by the separate Postal Rate Commission, subject to the approval of the Postal

Service. The idea was based on similar systems already in effect in such segments of the economy as the telephone industry and electric utilities.

At the time this legislation was enacted, it was hailed as the beginning of a long-needed modernization effort which would bring new efficiency to an enterprise which some had claimed was outdated and riddled with political appointees.

With such a promising beginning, the Postal Service seemed to be off to a good start in its first 2 years of operation. The old post office system had suffered a $204 million loss in its last year of operation, but by 1973 the postal system had cut this figure down to $13 million, still a large sum, but indicative of substantial progress. Then in 1974, the loss figures jumped to $438 million, and to $989 million in 1975. The projected loss for 1976 is $1.5 billion and another $1 billion loss is expected in 1977.

Coupled with these startling figures has been a rising public outcry over deteriorating services. This problem has been studied and restudied by the General Accounting Office and other bodies.

There have been mixed conclusions to such studies, but the GAO has noted that even if the Postal Service were to deliver 95 percent of all first class mail on time, 2.6 billion letters would arrive late each year.

The Postal Service has been faced with the same rising costs for gasoline, other fuels, and essential items which all Americans have had to endure. It has responded with a series of rate increases and recently with tentative announcements of closings of rural post offices, and is considering other service cutbacks such as eliminating Saturday deliveries.

These events and tentative announcements have understandably disturbed both my constituents and citizens in other parts of the country. They now feel that they need to have more of a voice in the decisions made by the Postal Service and that many decisions which could be made by the Postal Service in pursuit of ostensible cost-saving would, in the long run, be very detrimental and contradictory to the original concept behind the Postal Service and its predecessor; namely, to function as a service to deliver mail promptly and efficiently to all parts of the country. It now appears that this mission is inconsistent with the independent, corporate approach which the Postal Reorganization Act envisioned. It is clear that what is good for the financial condition of the Postal Service may be very bad for the American people.

Given this situation, the Postal Service must be more directly accountable to Congress, and also must be given such financial assistance as is necessary for it to meet its primary mission, within our national budget priorities. The Postal Service must be made to operate efficiently, but this ought not to allow the wholesale elimination of historic services.

Rather, Congress should undertake the primary responsibility of deciding which services are essential and which are not, and provide sufficient funding for the former, and take responsibility to eliminate the latter. Without such a structure of Postal Service accountability to Congress and congressional responsibility for effective oversight, the current postal problems seem destined to continue, with all parties involved blaming each other for costs and cutbacks.

The original concept behind the creation of the Postal Service under the Reorganization Act—to make the Postal Service independent and therefore to function as a business—was intended to foster overall efficiency, to cut costs, and to maximize service. This was a noble and perhaps valid experiment. But based on our experience of the last 6 years, it has clearly backfired. We should admit to our mistake and take steps today to begin to correct the damage, and begin anew with mechanisms for oversight and responsibility.

When I received mounting complaints from my constituents over deteriorating service and threatened cutbacks, I could have responded by telling them that the Postal Service is an independent corporation, that whatever inconvenience they suffered was outside my jurisdiction as a legislator to take steps to correct. But this would have been a copout. Congress right now is responsible for the damage done by the enacting of the 1970 Reorganization Act. Yet Congress lacks any effective tools to exercise its responsibility.

We will be reneging on our duty to the American people if we do not act to give us the power to effect changes in the Postal Service.

I would agree with the Senator from South Carolina that the Blue Ribbon Commission proposed to be set up by the reported version of the bill before us represents a total avoidance on our part to exercise our duty to our constituents.

The Commission must report back to Congress on February 15, 1977. This is less than 6 months from today.

I find it hard to believe that this Commission will be able to offer any comprehensive solution in such a short period of time. The only solution which has any hope of succeeding is for both the Congress and the President to reassert their responsibility over the Postal Service on an ongoing basis. It is doubtful that the Commission will reach this conclusion and hence we are pressing forward today with a series of amendments designed to achieve this goal.

I am afraid that the Commission will instead serve as a vehicle for giving increased credibility to the views of the Postal Service held by some in the current administration.

For example, it is my understanding that the Office of Management and Budget has already prepared a letter to the Commission, assuming it is created, that asks it to give close attention to whether the Postal Service monopoly on first-class mail ought to be eliminated.

Such a move would signal the end of the Postal Service's ability to function as a service and would cripple its efforts to serve rural America.

Private competitors would probably be very successful in gaining control of the intra-city mail in our largest metropolitan areas, but I doubt very much whether these corporations would be willing or able to undertake delivery to outlying rural areas. That job would be left, as it is now, to the Postal Service. Thus, the private carriers would skim the cream of the business and leave the less lucrative and often losing business to the Postal Service. This would only aggravate the current situation.

While the idea of allowing private enterprise to compete with the Postal Service in delivery of first-class mail is on the surface an appealing one, it is clear that such a move would greatly limit the Postal Service's ability to meet its statutory obligation to deliver mail to all parts of the country.

I am pleased also to support the amendment offered by the Senator from West Virginia (Mr. RANDOLPH) included in our substitute, which mandates that the Postal Service must give advance notice of any post office closing, and institutes sound procedures for the public to participate in that decision.

The procedures set up under this amendment are reasonable ones, designed to insure that the Postal Service considers all relevant facts and circumstances before concluding that it is necessary to close a post office.

I shall be supporting a number of other amendments to be offered later which are designed to restore accountability and responsibility to the American people on the part of the Postal Service. This amendment represents a sound first step toward that goal.

We are not attempting to totally prevent the Postal Service from instituting any post office closings whatsoever, but rather to have sound procedures governing any decision which the Postal Service might make in this area.

Consistent with the primary goal of all of these amendments, to increase the accountability of the Postal Service to the American people, I urge my colleagues to support our amendment which makes the Postmaster General a Presidential appointee, subject to confirmation of the Senate. This simple change would go a long way toward restoring the notion that both the executive and the legislative branches ought to be responsible for the success or failure of the Postal Service.

The Postmaster General would once again be a public servant, owing his job to the elected representatives of the people.

The argument is raised against this amendment that it would be a step backward to the days when the old Post Office suffered from an overabundance of political appointees who some allege were more interested in politics than efficiency.

I would not support this amendment if this charge were in any way true. This amendment does not disturb the provision contained in existing law which makes it a crime for an elected official to recommend any individual for a position with the Postal Service.

This should continue to be the strongest possible deterrent against any return to the days of political patronage.

Under the amendment, only the Post-

master General and his Deputy would be Presidential appointees. The very top officials of the Postal Service would serve at the pleasure of the Postmaster General, but the remainder of the Postal Service employees would continue to be chosen on a nonpartisan basis.

Thus, under this amendment, we would gain the very substantial benefit of making the Postmaster General and his top assistants directly accountable so the people and we would not incur the admitted detriment of allowing political influence to overwhelm the rank and file postal workers.

Under existing law, the Postmaster General is appointed by the Board of Governors. Because the President would now undertake this function, this amendment would abolish the Board.

The establishment of the Board under the 1970 act was consistent with the notion that the Postal Service would function as an independent corporation. The Governors would function in the manner of a corporate board of directors. Since that approach has not worked well, and since it is my view that the responsibility for the functioning of the Postal Service ought to be vested in one Postmaster General and not nine Governors, there would seem to be no need for their continued existence and accompanying expense to the taxpayers.

Requiring direct Presidential involvement in the appointment of the Postmaster General will have the added benefit of insuring that the President maintains an ongoing interest in the Postmaster General's success in doing his job.

It was disclosed in the hearings held this spring before the Senate Committee on Post Office and Civil Service that the current Postmaster General, Benjamin Franklin Bailar, was having a great deal of difficulty in getting through to the White House. In fact, for a time, telephone calls he placed to the White House were not returned.

This sort of attitude on the part of the executive must stop, and this amendment would establish the mechanism to remedy the problem.

Senate confirmation of the Postmaster General would also confer an additional and substantial benefit. Each of us would in a direct way have a stake in the ability of the Postmaster to do his or her job well.

As is presently the case for all other officials whose appointment must be confirmed by this body, we would be given the opportunity to hold hearings on the individual's qualification to hold the office, to ask questions on the policy goals that individual intends to implement, and to accept or reject that individual depending on our assessment of his fitness to hold the office in question.

We have been disappointed on more than one occasion with regard to our decision on appointments, but we know at least that we had our chance at one time.

I also support the amendment which limits the borrowing authority of the Postal Service to a total of $500 million. This is necessary to prevent the Postal Service from mounting an ever increasing debt which would further impair its financial condition.

Equally important, this amendment would prevent the Postal Service from using its borrowing power as a form of backdoor spending and thereby avoiding its need to come to Congress to request and justify its need for increased public service subsidy. Limitless borrowing authority allows the Postal Service to avoid congressional scrutiny of its financial structure and its service functions.

If we are to begin anew to exercise our responsibility over the operation of this vital service we must eliminate this loophole in existing law.

The $500-million figure is a reasonable one, designed to assist the Postal Service to cope with cash flow problems and at the same time place a ceiling on what is now a runaway sum.

I firmly support the provision of the amendment now before us which requires, beginning in fiscal year 1978, that the Postal Service come before Congress for annual authorization and appropriation of its total budget needs.

In this way we will be able to exercise direct oversight over its function, oversight which has been noticeably lacking for the last 6 years.

We will once again be able to respond to the legitimate needs of our constituents to have a voice in the cost and the quality of our postal services as do all our other committees with authorization power over particular Federal agencies and departments which fall under their jurisdiction. The Senate Committee on Post Office and Civil Service will be in a position to oversee the operations of the Postal Service on an ongoing basis. The Committee on Appropriations will similarly be able to require the Postal Service to justify its financial needs given the service it provides.

Further, the Postal Service will be subject to the budget procedures which we recently established and have imposed upon all other public services.

It has been suggested that this change will serve to eliminate whatever incentive there is within the Postal Service to operate efficiently and to provide high quality service to the American people. According to this argument, the Postal Service will be tempted to let its operation slide and simply come to Congress each year for whatever money it needs.

I do not think this analysis is correct, and on the contrary, it is my view that the present lack of accountability to Congress is by far the greater danger.

Furthermore, until we regain the power of the purse in this area, we are powerless to address the questions which so concern our constituents. These questions include the ever-rising rates and declining services and the threatened closing of many of our outlying rural post offices.

In evaluating our rate structure, we ought to consider the costs of the equivalent to first-class service in other countries of the world. For example, in France, the cost is 18 cents; in Sweden 23 cents; and in Japan, over 16 cents. In the United Kingdom the cost is over 17 cents, and this cost has jumped a total of 89 percent in the last 2 years. Compared to these figures, Canada has maintained a constant cost of 8 cents. The point of this comparison is that the final per-letter cost to consumers will depend to a large degree, on the extent to which the individual governments are willing to subsidize their postal services. Other factors of course are efficiency and overhead services. By giving Congress increased budgetary authority, this amendment would allow for closer attention to the appropriate mix of subsidies and rate increases.

I am not saying that our rates should always remain constant or that under no circumstances should we close any post office. I think these matters will require close attention and study. It may well be that the costs which would be incurred by such policies, which inevitably would be passed on to all our taxpayers, cannot be justified when compared with the benefits of these policies. But the point is that until Congress again becomes involved, the appropriate level of public subsidy vis a vis private cost bearing will never be determined.

We will continue to flail away at the Postal Service while we lack the legislative tools and the conviction to confront the problem directly ourselves.

The amendment would remedy this situation. Postal revenues would again go directly into the Treasury and the appropriate amount of subsidy would come out of the Treasury. The system would mesh.

We would be accountable to our constituents for the tough decisions involving post office closings and rate increases. With this modified structure they too would be in a better position to determine the level and type of service they consider appropriate.

Congress would not be making all of the business decisions for the Postal Service. This would still be the job of the Postmaster General. Nor would Congress be setting rates. This would be left to the Postal Rate Commission.

But Congress would be in a position to have an impact on these decisions, and to alter their direction in broad policy terms, through the authorization and appropriation mechanism.

This amendment would impose a moratorium on any further rate increases, service cutbacks, or post office closings until the end of the upcoming fiscal year, September 30, 1977, by which time Congress will have its oversight mechanisms in place.

All curbline delivery must be continued. All post offices serving more than 35 families must remain open. Those serving fewer than 35 families can be closed only with the consent of at least 60 percent of the patrons.

This is a necessary provision to prevent such events until such time as Congress is again in a position to participate and judge as a matter of policy whether these cutbacks are appropriate.

We are late by 6 years in our addressing this matter in a comprehensive fashion, but we are still not too late to alter the situation of despair and decay.

Mr. HATHAWAY. Mr. President, I would like to make one additional point, not directly related to the legislation be-

fore us today, but of interest to me in my capacity as chairman of the Subcommittee on Alcoholism and Drug Abuse of the Senate Committee on Labor and Public Welfare.

I have followed with great interest the Postal Service's work in the area of alcoholism rehabilitation, and have noted the substantial progress being made by its program for alcoholic recovery—PAR. This program should serve as an excellent example for other industries in the process of setting up similar programs.

Also, it is my understanding that the Postal Service is in the initial stages of starting a similar effort to deal with drug abuse. I wish it success in this area, too, and hope it is able to realize the same good results as it has in PAR.

Such programs, if successful, are able to greatly increase productivity, reduce absenteeism, and foster overall efficiency.

Mr. MUSKIE. Mr. President, I will vote for the legislation offered by the distinguished Senator from Wyoming (Mr. McGEE) as a reasonable approach to our postal service problem.

The Postal Service threatens to become a national embarrassment. Services have been reduced in quality and scope while rates have been increasing. People in my home State of Maine, and I am sure millions of people in rural areas across America, are understandably suspicious when the Postal Service suggests that their local post office be closed in the name of efficiency. The average postal patron is understandably upset by frequent reports of delays, destroyed parcels, and lost letters. One enterprising newspaper in Maine sponsored a contest between the Postal Service and a canoe. The letter sent by canoe arrived first.

It is clear that the present system is not working. When we acted 6 years ago to detach the Postal Service from the Federal bureaucracy, we had high hopes that the new agency could maintain the American tradition of mail service while operating an economically sound agency. We now face the fact that this approach was a failure, and we must try something new.

The bill presented by Mr. McGEE, which is supported by the Committee on Post Office and Civil Service, offers us the opportunity to examine closely just what our next step should be.

There are literally billions of dollars at stake in any decision we make on the Postal Service. But as importantly, there is a need to reemphasize a tradition of service in the mails which is as old as our Nation. These are decisions we must not make lightly, and following the course recommended in this legislation will give us all the opportunity to explore all the logical alternatives before we take action to restructure the agency.

The bill contains several crucial features during the period of the study: a moratorium on post office closings to assure our rural citizens their needs will not be abandoned; a moratorium on postal rate increases; and a requirement that door and curbline delivery be continued.

We may well conclude after careful review that the Postal Service should be reestablished as a Government agency. But we should have before us other alternatives before we take that step.

Mr. President, postal service workers, postmasters and postmistresses from across Maine have supported the approach recommended by this amendment. I support it as well. It is the only course supported by the administration, and taking it would avoid a long struggle at a time when action is demanded.

Mr. HOLLINGS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 6 minutes remaining.

Mr. McGEE. How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. Ten minutes.

Mr. McGEE. Would the Senator be interested in yielding back the time? We have 10 minutes left.

Mr. HOLLINGS. Yielding back both times?

Mr. McGEE. Yes.

Mr. HOLLINGS. I am prepared to yield back my time.

Mr. McGEE. Mr. President, I am prepared to yield back my time.

Mr. BUCKLEY. Will the Senator yield for a unanimous-consent request?

Mr. McGEE. I am happy to yield.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that Mr. Brian Bennett of my staff be accorded the privilege of the floor during debate on this bill, including all the rollcalls.

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

All time is yielded back. The yeas and nays have not been ordered.

Mr. HOLLINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a second second.

The yeas and nays were ordered.

Mr. McGEE. Mr. President, as we have proceeded with this consistently, we have just gotten the yeas and nays on the Senator's amendment. I have not had an opportunity to explain to him that, on the basis of the procedural operation, I must move to table. Therefore, I——

Mr. HOLLINGS. I thought under the unanimous-consent agreement——

The PRESIDING OFFICER. A motion to table is not in order under the unanimous-consent agreement.

Mr. McGEE. That is right. I forget about that. It is my error.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. WEICKER (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "aye." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from California (Mr. TUNNEY), the Senator from Iowa (Mr. CLARK), the Senator from Montana (Mr. METCALF), and the Senator from Michigan (Mr. PHILIP A. HART) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. TUNNEY), the Senator from Washington (Mr. MAGNUSON), and the Senator from Iowa (Mr. CLARK) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Wyoming (Mr. HANSEN), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I also announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

The result was announced—yeas 26, nays 58, as follows:

[Rollcall Vote No. 520 Leg.]

YEAS—26

Abourezk	Gravel	McGovern
Baker	Hart, Gary	Nelson
Biden	Hatfield	Nunn
Cannon	Hathaway	Packwood
Case	Helms	Randolph
Church	Hollings	Ribicoff
Durkin	Kennedy	Scott, William L.
Eagleton	Laxalt	Stevenson
Ford	Mansfield	

NAYS—58

Allen	Glenn	Muskie
Bartlett	Goldwater	Pastore
Bayh	Griffin	Pearson
Beall	Hruska	Pell
Bellmon	Huddleston	Percy
Bentsen	Humphrey	Proxmire
Brooke	Inouye	Roth
Buckley	Jackson	Schweiker
Bumpers	Javits	Scott, Hugh
Burdick	Johnston	Sparkman
Byrd, Harry F., Jr.	Leahy	Stafford
Byrd, Robert C.	Long	Stennis
Chiles	Mathias	Stevens
Curtis	McClellan	Stone
Dole	McClure	Symington
Domenici	McGee	Taft
Eastland	McIntyre	Talmadge
Fannin	Montoya	Tower
Fong	Morgan	Williams
	Moss	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Weicker, for.

NOT VOTING—15

Brock	Hansen	Metcalf
Clark	Hart, Philip A.	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney
Garn	Magnuson	Young

So Mr. HOLLINGS' amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2034

Mr. DOLE. Mr. President, I call up amendment No. 2034.

The PRESIDING OFFICER (Mr. GOLDWATER). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. PASTORE, proposes an amendment numbered 2034:

On page 38, line 9, strike the semicolon, substitute a comma, and add the following: "and of whom one shall be designated to represent the individual noncommercial users of first-class mail;".

The PRESIDING OFFICER. The Chair announces that there is controlled time on this amendment. There will be 20 minutes to be equally divided and controlled by the Senator from Kansas (Mr. DOLE) and the Senator from Wyoming (Mr. McGEE).

The Senator from Kansas.

Mr. DOMENICI. Will the Senator yield?

Mr. DOLE. I yield to the Senator.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Dick Getzinger of my staff be granted privilege of the floor.

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

Mr. DOLE. Mr. President, I join my colleagues and the American public in expressing satisfaction that the postal reform issue has finally reached the Senate floor. I do not believe there is one of us that has not been affected by the Postal Service crisis in one way or another, whether we be private citizens, Members of Congress, or Postal Service employees. All of us have an interest in implementing solutions as quickly as possible. None of us wants to stand by and see our national postal network fall apart at the seams.

The Members of the Senate Post Office and Civil Service Committee have labored many hours, in consultation with the White House and the Postal Service, to draft reasonable legislation that addresses several of the more critical problems facing the Postal Service today. I think the result, which is before us today—H.R. 8603—is a reasonable and responsible compromise among the various interests associated with postal reform. It is a good bill; it is not a perfect bill. I generally favor this proposal and believe that, with a few perfecting changes, it will resolve the most immediate pressing problems before us.

In short, it will provide a temporary subsidy for postal service debts accrued through September 30, 1977. It will provide a temporary moratorium on postage rate increases and post office closings. And it will establish a professional Study Commission to provide further insight and more detailed recommendations on recurring postal problems. I support these principal components of H.R. 8603 and have no wish to diminish their effectiveness in any way.

NEED FOR MODIFICATION

However, there are some minor weaknesses within this bill which, in my opinion, need to be modified at this time. It is for this reason that I am offering two amendments to H.R. 8603 as it was reported from committee. I seek only to perfect this bill so that it may be more responsive to the mail users' interests and needs, and believe these changes will also work to the benefit of Postal Service interests. This is not a time for ill-considered amendments. These proposals of mine have been given the most careful and thorough consideration and should only improve upon the beneficial qualities of this legislation.

I would call to the attention of my colleagues that these amendments have bipartisan support, and have both logical and practical application to the provisions of this bill.

CONSUMER REPRESENTATIVE ON STUDY COMMISSION

I believe that the Study Commission established by this bill can provide valuable insight into recurring postal problems, as well as useful recommendations for solutions to those problems. Consistent with these expectations, I believe it is important for the private first-class mail users to be represented on the Commission.

As reported by the committee, H.R. 8603 provides for 12 Study Commission members. Each House of Congress is to appoint three persons to the Commission, the President is to appoint four members, and the Postmaster General and Chairman of the Postal Rate Commission are to serve as ex officio members of the Study Commission. In addition, the committee bill stipulates that two commission members, among those appointed by Congress, are to be members of the Postal Service work force. Thus, with postal employees and the Postmaster General and Postal Rate Commission Chairman on the Study Commission, both management and labor are well represented. It is reasonable to expect that they will effectively represent the interests of postal management and postal labor in developing recommendations for later postal reforms.

I believe it is both unjust and counterproductive to the purposes of this Study Commission if the interests of the postal consumer are not equally represented. This is particularly important in view of the fact that first-class mail users comprise the largest segment of postal volume and postal revenue annually. It is those private individuals who will be providing the tax dollars for the postal subsidy contained within this bill. And it is those individuals who will be directly affected by the recommendations of this Study Commission next year. There are those who would argue that consumer interests will be represented as an incidental interest of any person appointed to the Commission by Congress or the President. However, unless specific congressional mandate is provided within this bill as it is for postal labor and management interests, there can be no assurance that careful attention will be devoted to the specific concerns and viewpoints of the largest segment of mail users.

Let me provide a particular example of an issue area where consumer input would be useful. First-class postage rates have risen 117 percent during the past 5 years. This substantial rise in postage costs is having a negative impact on both the private individual and the Postal Service alike. The relationship between declining first-class mail volume and rising postage rates is nothing but a "vicious circle." Postmaster General Benjamin Bailar recently noted that—

Our customers are curtailing their use of the mail, or turning to alternate, less expensive means of communication. And as rates go higher, public resistance grows firmer, and the volume drops even more.

Already, postal officials are discussing plans for a first-class postage increase next year, and rates may well double again in the next 5 years. The private consumer will be hardest hit by these rate increases. As this Study Commission examines the concept of public service in the Postal Service, it must not forget who that service is primarily intended to benefit.

My amendment No. 2034 provides for effective input of the private mail users' viewpoints into Study Commission deliberations. It simply states that, of the four Commission members to be appointed by the President, "one shall be designated to represent the individual noncommercial users of first-class mail." It is my thinking that the President may wish to appoint a member of the Office of Consumer Affairs to perform this duty, or perhaps some other individual who is well acquainted with the interests and practices of first-class mail users. Certainly, the problematical issues of postage rate increases and post office closings should be addressed by the Study Commission, and the "consumer representative" should offer a useful perspective on these matters from the private individual's point of view.

Mr. President, I hope the distinguished chairman of the Post Office Committee will accept this amendment to the committee's bill. If not, I will ask for the yeas and nays on the amendment.

Mr. President, I have discussed this amendment with the distinguished floor leader (Mr. McGEE). I have also discussed it with others who have an interest.

The first amendment has to do with the Study Commission established by this bill.

It was hoped by the Senator from Kansas that we would have some nonusers, some consumer representative, a member of this Study Commission.

It was the hope of the Senator from Kansas that one of the Presidential appointees might be someone who would fit that category.

I understand the reluctance of the executive branch to say that we are going to be tied down on who we can appoint because of some act of Congress.

I discussed this with the distinguished floor manager of the bill. Perhaps it should be made clear that the intent is that one of the members appointed by the President would be a consumer representative. Postal rates have gone up 117 percent in the last 5 years. Many people are turning to alternate forms of service. It seems to the Senator from Kansas that a consumer representative would be a most appropriate representative. Perhaps we could urge the President to appoint such a representative without legislating that he do it.

Mr. McGEE. It would be my judgment, may I say to my colleague from Kansas, that urging it will be an effective way for the simple reason that the equity in the suggestion of the Senator from Kansas

is so conspicuous that I think it would carry of its own weight.

The issue that was explained to the committee was the President just felt a little sensitive about hamstringing his prerogative or the small group that he would have the prerogative for appointing to the Commission. I would think it would serve him well to appoint a consumer representative as one of his four appointees. That is, somebody who is not a large commercial user or who is not personally participating in the postal system of the United States. It would be a very wise move with very good input. I can assure the Senator that the two managers of the bill will express a very strong urging of the administrative branch to accord to this request in selecting their four appointees.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. I would like to join my distinguished chairman in saying that we will urge the President to do what the Senator proposes here. I am sure one of the Members he appoints will be a mail user.

Mr. McGEE. Why not say a user of the mail. Otherwise, the Senator will be called to task by the ERA that he has discriminated. [Laughter.]

Mr. FONG. A user of the mails.

Mr. DOLE. It seems we could end up with labor and management but no one representing the users of the mails. I have indicated that the postal rate has gone up 117 percent in the last 5 years. It does have a negative impact on the consumers. The Senator from Kansas is also sensitive to the wishes of the President, more so this week than last week. Based on the assurance of my distinguished colleagues, I will withdraw my amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The Senator from Kansas is still recognized.

UP AMENDMENT NO. 367

Mr. DOLE. Mr. President, I send a modified version of printed amendment No. 2033 to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment No. 367, a modification of printed amendment 2033.

The amendment is as follows:

On page 27, line 23, strike all after the words "ending on" through the word "Congress," on page 28, line 3; and insert in lieu thereof the words "September 30, 1977,";

On page 28, line 4, strike the words "have in effect" and substitute in lieu thereof "submit a request for";

On page 28, line 7, replace the semicolon with a comma, and add the following: "it being understood that prior to the submission of any such request, the Service shall give careful consideration to the recommendations of the Commission on the Postal Service;";

On page 37, beginning with line 14, strike out all through page 38, line 3, and insert in lieu thereof the following:

"(b)(1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and fees for postal services requested by the United States Postal Service in the first request made after the period during which the Postal Service may not make any such request as provided under section 2401 (e)(1) of title 39, United States Code, as added by section (2) of this Act.

"(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of enactment of this Act, shall apply to any temporary rate or fee which may be established pursuant to the first request described in paragraph (1).";

On page 41, line 12, strike the words "or before February 15," and insert in lieu thereof "September 30,".

Mr. DOLE. Mr. President, I have modified my original amendment to insure that there will be no detrimental consequences to the financial status of the Postal Service. As introduced, this amendment still accomplishes three principal tasks: First, it will extend the moratorium on postage rate increases and service cutbacks until September 30, 1977; second, it will extend the lifetime of the Postal Study Commission until September 30, 1977; and third, it will require that the final report of the Study Commission be given proper consideration by the Postal Service before action is taken to increase postage rates. The basic concepts underlying each of these objects are already embodied within the bill before us, H.R. 8603. My amendments only improve upon those concepts, to the advantage of both the Postal Service and the postal consumer.

The modification to my amendment should resolve any concern that extension of the moratorium would have major impact on Postal Service finances. Under present law, the Postal Service may implement a "temporary rate increase" 90 days after making the request, if no decision is forthcoming from the independent Postal Rate Commission. The bill before us would prevent that temporary increase until 10 months after a request is made. Since my amendment delays the first opportunity for a rate increase request, and because I have no desire to unduly delay the rate increase if the Study Commission's report finds additional increases advisable, my modified amendment allows for implementation of a temporary rate increase 90 days after request is made. This conforms to current law, and would only apply to the first request following the extended moratorium. In effect, a temporary rate increase could be implemented as early as January 1978, and the extended moratorium would therefore cause no serious financial consequence to Postal Service revenue.

I want to emphasize the reason why the moratorium should be extended and the request delayed. But first, I will point out the need for extension of the lifetime of the Study Commission.

If the Postal Study Commission established by H.R. 8603 is to be anything more than a farce, it must be given adequate time to perform a worthwhile task. The committee language would have the Commission issue its analysis of postal problems and recommendations for solutions as early as next February 15.

Does the committee really believe that 6 years' worth of postal problems can be properly studied, analyzed, and useful recommendations issued in that short a period? I think not. Assuming enactment of this bill as early as mid-September, there would be barely 5 months to select Commission members, organize the agenda, and perform the mandated task.

Frankly, the short period allowed by the committee's bill discredits the whole argument for such a commission. My amendment will allow approximately 1 full year to get professional and useful work out of the Study Commission—comprehensive work which no other Federal agency can undertake.

EXTENSION OF MORATORIUM

With my amendment, the moratorium on postage rate increases and service cutbacks—including arbitrary rural post office closings—will be extended for the additional lifetime of the Study Commission. More importantly, the moratorium will coincide with the fiscal year 1977, for which Congress will be providing the Postal Service with a substantial subsidy. It is both fair and logical that the mail-using public be granted a "reprieve" from higher rates and service cutbacks during the period for which their tax dollars provide a $1 billion subsidy for the Postal Service indebtedness.

Most Americans have been exposed to the recurrent theme that they must either support the Postal Service with a larger tax subsidy, or expect higher postage rates and more post office closings. Provisions of H.R. 8603, as currently drafted, suggest the probability of both circumstances burdening the public at the same time. My amendment resolves this inequity.

The Postal Board of Governors would be restrained from submitting a new postage rate increase request to the Postal Rate Commission until after the Study Commission issues its September 30 report. I think the legislative history of H.R. 8603 should make it clear that one very important duty of the Study Commission will be to examine and report on the impact of higher postage rates upon mail use in the future. Is the incident of rising rates and declining mail volume just—as Postmaster General Benjamin Bailar has suggested—"a vicious circle?" Do higher postage rates effectively defeat their purpose by driving mail users to other forms of transfer and communication over a distance? There should be no request for higher rates until this key question has been addressed by a professional study commission, and its findings examined in a responsible manner by postal officials.

Finally, the extended "breathing spell" offered by this lengthened moratorium should give the Post Office Committees of both Houses of Congress ample time to organize their agendas next year, to facilitate additional legislative attention to postal problems. Under the February 15 cutoff date for the moratorium established by the bill, Congress will barely have reconvened and committee assignments will barely be made before the Postal Service resumes rate hikes and rural post office closings—with no chance for congressional debate or legislative action in the 95th Congress. Let us not be blind to the fact that it will be "business as usual" for the Postal Service after

February 15, 1977, as rates shoot up, hundreds of small post offices are closed, and services are further curtailed.

Mr. President, I generally support the bill now before us, but truly believe that these well-considered concerns must be resolved before the Senate approves the measure. My amendment offers a more logical and effective method to facilitate the objectives of the bill, and I ask for its immediate consideration.

Mr. President, I understand the administration opposes this amendment and the committee opposes the amendment. We are under time constraints. I am prepared to yield back the remainder of my time.

Mr. McGEE. I have nothing to add to what the Senator has said. The only complication in his proposal is that it goes beyond the dimensions of the truce, the moratorium. It would be a legitimate subject for reconsideration when the report by the Commission comes back on the 15th of February. But up to that point it would stand in violation. That is the reason, I am sure, that the White House could not accept that within the terms of this temporary compromise that this has been prepared.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. This means that up to September 30, 1977, there could not be any kind of a request for a rate increase, if this amendment goes through. The Postal Service feels that it would have no money with which to pay the payroll in fiscal 1978. They say this amendment is an exercise in false economy and it would cost more money in having this amendment enacted. If this amendment is enacted it will be very costly to the post office. From that standpoint, I urge the Senator to withdraw his amendment.

Mr. DOLE. The Senator from Kansas does not wish to withdraw it, but I am willing to accept the verdict of a voice vote.

Mr. McGEE. I yield back the remainder of the time on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

It would seem that the ayes might have it.

Mr. McGEE. Mr. President, is it in order in a parliamentary sense to ask for the voice vote to be repeated since we were not listening?

The PRESIDING OFFICER. The Senator can ask for a division.

Mr. McGEE. Can we ask for a repetition of a voice vote?

The PRESIDING OFFICER. Not a repetition.

Mr. McGEE. I ask for a division on the question, Mr. President.

The PRESIDING OFFICER. A division is requested. Senators in favor of the amendment will rise and stand until counted.

[After a pause.]

Those opposed will rise and stand until counted.

On a division, the amendment was rejected.

AMENDMENT NO. 2069

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. McGEE. Mr. President, what is the time limitation on this next series of amendments?

The PRESIDING OFFICER. The Senator from North Carolina has two amendments on which there shall be 30 minutes to be equally divided and controlled by the Senator from North Carolina (Mr. HELMS), and the Senator from Wyoming (Mr. McGEE).

Mr. HELMS. I call up amendment No. 2069, Mr. President, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) on behalf of himself and Mr. FANNIN proposes amendment No. 2069.

Mr. HELMS. I ask unanimous consent that further reading of the amendment be dispensed with, Mr. President.

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 10. (a) Chapter 6 of title 39, United States Code, is amended—

(1) by striking out sections 601 and 602;

(2) by redesignating section 603 through section 606 as section 601 through section 604, respectively; and

(3) by adding at the end thereof the following new section:

"§ 605. Carriage of mail by private express permitted

"Notwithstanding any other provision of law, the carriage of mail, or other licit matter, by private express or carrier for compensation, or otherwise, is expressly permitted.".

(b)(1) The table of chapters for part I of title 39, United States Code, is amended by striking out the item relating to chapter 6 and inserting in lieu thereof the following:

"6. Private carriage of mails..... 601".

(2) The caption for chapter 6 of title 39, United States Code, is amended to read as follows:

"CHAPTER 6—PRIVATE CARRIAGE OF MAILS".

(c) The table of sections for chapter 6 of title 39, United States Code, is amended to read as follows:

"Sec.
"601. Searches authorized.
"602. Seizing and detaining letters.
"603. Searching vessels for letters.
"604. Disposition of seized mail.
"605. Carriage of mail by private express permitted.".

(d)(1) Chapter 83 of title 18, United States Code, is amended by striking out sections 1694, 1695, 1696, 1697, and 1725.

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the items relating to sections 1694, 1695, 1696, 1697, and 1725.

(e) Section 1698 of title 18, United States Code, is amended by inserting "(other than letters or packages carried by private express)" immediately after the word "cargo".

(f) Section 1699 of title 18, United States Code, is amended by inserting "except where carried by private express and" immediately after the phrase "nearest post office," and inserting the same language immediately after the phrase "under my power or control,".

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, we all realize the gravity of the postal crisis which has been thrust upon us, and I well understand the efforts of the distinguished members of the Post Office and Civil Service Committee to cope with the many problems involved. But at the same time, the Senator from North Carolina feels, along with many others, that these efforts, in the long run, are only treating the symptoms of postal mismanagement and inefficiency. Controls and constraints applied from the outside only act as a bandage; they do nothing to stimulate the internal discipline and innovation that are necessary for the survival of any organism.

Therefore, the amendment which I am submitting on behalf of myself and the Senator from Arizona (Mr. FANNIN), is intended as a supplement to the emergency efforts proposed by the committee. The text of the amendment is the same as the bill I proposed not long ago, S. 3025. Basically, it repeals the so-called private express statutes, thereby permitting the carriage of first-class mail by private express. In other words, my amendment would restore the beneficial remedy of private competition in order to stimulate internal renovation in the Federal Postal Service, and to provide a service benchmark for the efficient delivery of mail.

Mr. President, when Congress enacted the Postal Reorganization Act of 1970, it was hoped that the mail service would, at long last, operate on an efficient, fiscally sound basis. There would be an end to mounting postal deficits. Future rate increases would be substantially curtailed. The post office operation would be self-sufficient.

None of these goals, of course, has been reached. Indeed, we may be further from them today than we were in 1970.

In 1971, the Postal Service began operations with an equity of $1.7 billion in cash. During its first full year of operation, the Postal Service ran up a deficit of $13 million. By 1975, the Postal Service reported a deficit of $989 million. Recently, postal officials predicted a $1.5 billion deficit for fiscal year 1976 and an accumulated deficit of $3.1 billion.

However, while the postal deficit has increased, postal rates, as every American knows all too well, have increased just as rapidly.

Since 1971, the cost of mail service has increased 63 percent, while in comparison, the Department of Labor's Consumer Price Index reports that the cost of other services has increased by 35 percent.

During this time, the public has watched the price of a first class stamp rise from 8 cents to 10 cents to 13 cents and postal experts suggest that within the near future the cost of mailing a first class letter may jump to between 35 cents and $1.

Concurrently, Americans pay for their postal service, not only as postal customers, but as taxpayers as well. The House Postal Committee has determined

that the average tax subsidy for the mail service is approximately $37.50 for each household in the United States. This figure could also double within the next few years as a result of the increasing postal deficit.

Regardless of how far we are today from achieving the goals of the Postal Reorganization Act of 1970, the objectives articulated in this legislation still merit our continued support. Financial self-sufficiency; improved working conditions and standards; decisionmaking on a business, rather than a political basis, are goals still to be sought after. In part, they have been achieved. Still, it is evident that the Postal Service lacks the flexibility and self-sufficiency to meet the demands of the marketplace in a businesslike manner. We should encourage every opportunity for greater flexibility on the part of the Postal Service in meeting the demands of the American postal consumer.

One of the most serious problems confronting the Postal Service is the reduction of mail volume. In 1975, mail volume declined for the first time since the Great Depression. Today, postal officials predict a continuing reduction of 4 percent per year for the indefinite future. The reasons for this projected decline are simply a combination of rising postal rates and commercially feasible alternatives provided by the free enterprise system. For example, United Parcel Service already processes more than half of the parcel post volume in the United States.

I believe that the competition provided from private enterprise will encourage the Postal Service in meeting the goals of the Postal Reorganization Act of 1970. Indeed, it may be the greatest stimulus to the creation of a healthy and self-sufficient national postal system.

Several of the cost-cutting procedures adopted by the Postal Service have been in existence in private enterprise for quite some time. The competition provided by private delivery of parcel post has stimulated the Postal Service to make needed improvements. However, it is clear that the Service still has far to go in becoming competitive enough to win back part of its lost share of the parcel post market.

Historically, private enterprise has assumed just such a role in the development of our national postal service. Wayne E. Fuller, in his book "The American Mail," states that—

> The invasion of the government's postal monopoly by private business was really a boon to the mail service, for it forced the government to improve its postal system.

Legally, the U.S. Postal Service enjoys a monopoly in the carriage and delivery of first-class letter mail. As a practical matter, it is evident that the Postal Service will be losing more and more business every year to private companies who provide more economical alternatives to the traditional postal letter. I believe it is time that the law reflect the current economic realities of the postal delivery industry.

Some argue that the entrance of private enterprise into the first-class mail delivery market would result only in a "cream skimming" operation. Under this scenario, private enterprise would only enter the most profitable markets while neglecting the less profitable ones. The difficulty with this view is that such competition is already taking place in regard to other classes of mail and is about to take place regarding first-class delivery.

First-class mail accounts for 60 percent of all postal volume and revenue. Of that 60 percent, more than half consists of bills and invoices being sent out and checks and money orders being returned. Without doubt, this is the most profitable and most manageable portion of the mail industry. Although the present private express statutes prohibit the use of third parties to deliver one's mail, there is no prohibition against self-delivery and many department stores, banks and utility companies are now experimenting with self-delivery. In another instance, banks are also experimenting with electronic funds transfer systems which would allow depositors to automatically pay their bills through the electronic alteration of their accounts without the use of the mails.

Careful attention to the technological development of information distribution systems, as well as the fluctuations in the mail delivery market, suggest that the state of the art in the near future will be such as to force consumers from the Postal Service to private distributors. Faced with declining volume and increasing rates, the Postal Service is caught in the classic scissors situation. It cannot compensate for declining volume by increasing its rates. And because the Postal Service is limited to the degree of postal rate increases which are economically feasible in relation to their adverse affect on user volume, the result of the committee's proposal is a perpetually increasing Federal subsidy.

Those who may oppose repeal of the private express statutes should realize that, as a practical matter, private enterprise is already providing alternatives to Government carriage and delivery of first-class letter mail.

In part, this competition is responsible for the current crisis facing the postal system. But simply ignoring the development will not make the problem go away.

I believe that Congress should recognize the fact of the private sector's entry into the postal delivery market and prepare for the orderly and productive transformation of the industry itself as a result of this development.

It is evident that it will be some time before the Postal Service recovers from the crisis with which it is presently faced. Congressional attention will continue to be necessary for the immediate future.

And only Congress can prevent an industry in crisis from becoming an industry in anarchy. The first step is to allow private competition in the delivery of first-class mail and let the competitive forces of the marketplace determine the natural character of the industry.

The President's Council on Wage and Price Stability has recently recommended that Congress abolish the private express statutes which prohibit competition in the carriage and delivery of first-class letter mail. This recommendation comes on the heels of a formal notice of the Postal Rate Commission, which was published in the Federal Register on October 22, 1975, for the purpose of soliciting comments on the impact and administration of the private express statutes. In a 66-page report, the Council expressed the view:

> That permitting competition to the Postal Service's first-class mail service probably would result in significant benefits to the economy and to the mail user.

The Council concludes that:

> In addition to promoting allocative efficiency, relaxation or repeal of the private express statutes might be expected to promote operating efficiencies within the postal system. It would likely stimulate innovation and changes in postal technology, and restrain increases in postal labor costs reflecting improved productivity.

At present, the private express statutes make it illegal to carry a letter for profit, to "knowingly convey" anyone carrying letters for profit, to give anyone letters to be carried for profit, or to use a letter box mail slot for privately carried mail for profit. If these statutes were repealed, or relaxed, the nature of the postal industry would change, of course, as new competitors entered the field. Although we cannot precisely predict the variety and extent of this competition, it is reasonable to assume that high volume businesses in the metropolitan areas would be particularly attractive to private carriers. According to the Council on Wage and Price Stability, about 51 percent of all first-class mail is generated by businesses, much of this is sent by high-volume businesses, such as utility companies, and "it is generally expected that this is the segment of first-class business that would be the initial target of new entrants."

Adjustments would have to be made concerning the Postal Service's loosely constructed classification schedule; and there would have to be some relaxation of the uniform first-class rate so that all segments of the population would be assured of continued service and equitable treatment. In this regard, we must be especially mindful of the possibility that private carriers would be less attracted to rural delivery than urban delivery, and that there may be a need to continue the delivery of mail in the rural areas on a subsidized basis. Likewise, we must be on guard to protect the rights and interests of the postal employees themselves. If there is job dislocation or the threatened loss of employment benefits or pensions as a result of this legislation, then we must stand ready to take corrective action.

During the early phases of demonopolization, there will surely be problems, given the size and complexity of the postal operation. Not being omniscient, I cannot predict with accuracy each and every problem; but I am confident that we can deal with these problems as they arise, and take the necessary steps to correct them, so that all individuals and communities affected are assured of uninterrupted service and fair treatment. Without exploring in detail all of the

changes that would have to be made if the private express statutes were repealed, suffice it to say that the Council on Wages and Price Stability expresses no serious reservations about the feasibility of making the mail more competitive.

As my colleagues are aware, there are already 11 privately owned postal services, carrying second-, third- and fourth-class mail in various parts of the country. These firms are continuing to attract business. The privately owned United Parcel Service, for example, has attracted so many customers away from the U.S. Postal Service that it now delivers more packages than the Postal Service. And no wonder. It damages only one package for every five damaged by the Postal Service, and its rates are lower. What is more, the United Parcel Service continues to make substantial profits, producing more revenue to the Government.

In retrospect, we should bear in mind, Mr. President, that there is nothing radically new or bizarre about competition in the delivery of the Nation's mail. During the first half of the 19th century, for example, private carriers flourished in America. In 1844, Senator James Simmons of Rhode Island estimated, while speaking on the floor that 20 letters were sent by private carriers for every letter carried by the post office, so extensive was the practice of private delivery at that time. The private express statutes are of relatively recent origin.

My amendment will allow private carriers to carry and deliver first-class mail, and it will abolish the principle of public ownership and control of mailboxes and mail slots, making them the private property of their respective owners.

This amendment repeals section 601 and 602 of title 39 of the United States Code, which prescribes certain criteria for letters not carried through the U.S. mails. It also establishes a new section 605, and expressly permits the carriage of mail by private express.

With respect to provision of the Federal Criminal Code that have the effect of prohibiting the private carriage of mail, section 1694 of title 18 of the United States Code makes it a crime to carry mail by private express; section 1695 makes it a crime to carry any mail on board a vessel other than through the Postal Service; section 1696 makes it a crime to carry mail by private express over an established postal route; and section 1697 makes it a crime for anyone to transport a person who is carrying mail by private express.

Section 1725 of title 18 of the United States Code makes it a crime for anyone to deposit any mail on which U.S. postage has not been paid in any mailbox established to receive U.S. mail. This amendment repeals sections 1694, 1695, 1696, and 1697, thereby eliminating these criminal penalties regarding the private carriage of the mail. It also repeals section 1725, in order to permit private express carriers as well as U.S. postal carriers, to deposit mail in mailboxes and mail slots. It is well to remember that mailboxes are bought and paid for by American citizens, and not by the Government, and that repeal of this section does not, therefore, involve any loss of Government property.

Finally, my amendment makes a technical, conforming amendment to sections 1698 and 1699 of title 18, which relate to the delivery of mail carried by vessel. These amendments simply exempt private carriers from the requirements imposed upon vessels carrying U.S. mail. The rationale, of course, is that the private carrier will henceforth negotiate with shipowners through contract, thereby eliminating the need for Federal law to set out the specifications for delivery.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield myself whatever time is needed.

This amendment provides that private firms can take over mail deliveries now exclusively entrusted to the Postal Service. Repeal of the Private Express Statutes would have a tremendously adverse effect on the Postal Service, and ultimately on the American public. The majority of postal costs are fixed costs, largely unrelated to mail volume. If the volume were to decline significantly due to such an action, the fixed cost would remain to be apportioned over fewer pieces of mail. The result would be considerably higher postage prices. Private companies would, most assuredly, concentrate on service to high density areas and large volume business mailers.

In other words, there would be cream-skimming by private carriers that would take the more profitable areas and leave the unprofitable areas alone, whereas the Postal Service would be forced to take everything. Individuals, particularly those outside metropolitan areas, would not have alternate services available to them and would, consequently, bear the burden of increased postage rates. There are a myriad of other implications associated with repeal of the statutes, ranging from the problems of tying numerous private firms into the international mail system to controlling the use of mails for criminal purposes.

And may I say, Mr. President, that with the Postal Service now running an operating deficit, by cream-skimming the more profitable part of its business, that is, in the metropolitan areas where private enterprise could go in and probably perform the service much cheaper than the Postal Service, because it does not have all of the public service charges and the public service operating expenses because it need not go to far-flung portions of the Nation to deliver the goods, they could cream skim the really profitable part of the business of the Postal Service, and in this respect, if they cream skim the profitable section, then the Postal Service will be called upon to pick up the slack, and persons in outlying areas will be called upon to pay more for their postal rates, and in this regard I do not think it is a good thing.

I think where there is a monopoly in this area, there is a tendency to have a cheaper service, and by having one carrier doing the job and doing it exclusively, without anybody coming in to take the more profitable portions of the business, we would have a better system. From that standpoint we oppose this amendment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. HELMS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. HELMS. I yield the Senator as much time as he desires.

Mr. FANNIN. I thank the distinguished Senator from North Carolina.

I have great admiration, Mr. President, for the distinguished Senator from Hawaii. I know he is respected, and certainly he is to be commended for the excellent service that he has rendered as the ranking Republican member of the Post Office and Civil Service Committee.

I do agree, though, with the distinguished Senator from North Carolina that there are tremendous problems facing the U.S. Postal Service.

Mr. President, I am pleased to cosponsor the amendments offered by Senators HELMS and BUCKLEY to H.R. 8603, the Postal Reorganization Act Amendments of 1976.

The effect of these amendments would be to end the Postal Service's monopoly on first class mail deliveries and on the use and control of mailboxes and mail slots. This would be done by: First, repeal of the private express statutes so as to allow private carriers to carry and deliver first-class mail; and second, abolishing public ownership and exclusive control of postal boxes, making them the private property of their owners-users and permitting other carriers, as well as U.S. postal carriers, to deposit mail there.

Mr. President, we are all aware of the tremendous problems facing the U.S. Postal Service. I am sure that my colleagues have received from their constituents the same kind of angry letters I have received from Arizonans complaining about the operations of the Postal Service and the recent increases in postal rates.

I think that we can all agree on that. But people do not understand why the rates keep rising and the quality of the service continues to decline and the efficiency declines. I share their concern.

I also agree with those who say that the Postal Service should be required to pay its own way. Unfortunately, since passage of the Postal Reorganization Act, our postal system has failed to function well, either as a business or a public service, and I do feel that a little competition may be very helpful rather than derogatory.

The proponents of H.R. 8603 would have us believe that a simple authorization of another $1 billion to be applied against accumulated operating indebtedness and another special commission study of postal problems will be sufficient to clear up the present postal mess. Moreover, under their proposal the Postal Service would not be permitted to raise rates or curtail existing services—in fact, door and curbline deliveries would be mandated.

However, nowhere in H.R. 8603 or in the Post Office Committee's majority report does one find the sponsors recommending any fundamental reforms in postal operations. Nowhere do they urge or suggest the implementation of specific changes to improve postal services. Their bill also fails to insure accountability to the taxpayers who are expected to foot the bill for this emergency $1 billion subsidy. It should be clear to all that in 2 years, without substantive reforms, the Postal Service will be right back where it was before. We can expect that the Postal Service will come to Congress to plead for another $1 or $2 billion to bail itself out of its continuing difficulties.

Mr. President, wholesale reform of our Nation's postal system is called for and long overdue. The present Postal Service crisis has become intolerable. Taxpayers are sick and tired of footing the postal bill while postal services deteriorate and postal rates continue to spiral. The people are demanding real change, not cosmetic reform.

Mr. President, I feel that what the distinguished Senator from North Carolina judged in his amendment is very much needed.

Transitional subsidies may prevent a temporary disruption of postal operations, but would not provide long-range improvements in those operations.

I think the Senator from North Carolina realizes that. A moratorium on increased rates and service cuts would insure only continued incompetence and bureaucratic inefficiency throughout the postal system.

I certainly commend the Senator from North Carolina for wanting to get the Postal Service in a position where it must render good service to be competitive if they are going to justify their existence. Bringing the Postal Service back under congressional control, as proposed by some critics, would only subject the system once more primarily to political rather than economic considerations. Such control did not work before; in fact, it worked so badly that reorganization was widely welcomed. I also question whether increased subsidies or higher mail rates will be sufficient to improve postal services or meet the mounting deficit.

Mr. President, under the circumstances perhaps the answer is to end the Postal Service's monopoly on first-class mail delivery. Congress should give serious consideration to an approach which, at the very least, shows greater promise than the legislative proposals contained in H.R. 8603, namely, to continue subsidies for an indefinite period to rural and small post offices to keep them open until they can pay for themselves while permitting free competition in the delivery of all classes of mail. That is why I am pleased to cosponsor a bill, S. 3025, to repeal the private express statutes and now to support the Helms amendment to H.R. 8603. In my view, if the Postal Service were run as efficiently as private business, an American could mail a letter for much less than 13 cents and be sure it would arrive safely, speedily, and in one piece. That certainly is not asking too much.

Mr. President, it should be pointed out that the reforms contained in the Buckley and Helms amendments and incorporated in S. 3065 follow closely the recommendations of the President's Council on Wage and Price Stability. The Council suggested that study be given to repeal of legislative barriers to free entry into mail delivery and concluded that strictly local mail would be the initial target of new entry. These reforms would not in any way affect Postal Service delivery to rural or urban areas, eliminate rural post offices, or affect the security or privacy of mail deliveries. Rural postal service would continue under the U.S. Postal Service; moreover, in the view of the Council on Wage and Price Stability, there would be sufficient relaxation of uniform first-class rates to make such service more attractive and competitive.

Mr. President, when we are talking about what is happening in this Nation, there are already 11 privately owned postal services carrying second, third, and fourth class mail in all regions of the Nation. United Parcel Service, for instance, does such a good job that it now delivers more packages than the Government mail service. Little wonder that Federal agencies prefer to utilize UPS than to rely on the free, but unreliable services of the USPS.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. FANNIN. Mr. President, will the Senator yield me 1 additional minute?

Mr. HELMS. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from North Carolina has 7 minutes remaining.

Mr. HELMS. I yield as much time as the Senator requires.

Mr. FANNIN. I thank the Senator.

A number of local government officials have complained about the problems they have in delivering utility bills and statements to customers in light of Postal Service restrictions. In my own State of Arizona, recently, Mayor Hance of Phoenix urged support for legislation permitting the city to drop its bills in mailboxes and slots. In my opinion, exclusive USPS control of mailboxes and slots is unreasonable and costly to businesses and consumers.

Ending the Postal Service's monopoly by adopting the amendments that are being offered this afternoon by Senator HELMS and Senator BUCKLEY would seem to make good economic sense.

For these reasons, I urge my colleagues to support the Helms and Buckley amendments to H.R. 8603. If these amendments are not adopted, I shall have great difficulty supporting the postal bill. I cannot, in good conscience, vote for increased funding to bail out the U.S. Postal Service without also requiring reform in postal operations and insuring improvements in service.

Mr. President, I ask unanimous consent that the article by the distinguished Senator from Arizona (Mr. GOLDWATER), entitled "How Postal Costs Endanger America's Reading Habit," be printed in the RECORD.

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

HOW POSTAL COSTS ENDANGER AMERICA'S READING HABIT

(By Barry Goldwater)

A serious threat to the American reading public has gone almost unnoticed. The news media, possibly out of self-consciousness, have conveyed little information to the public about the problem, treating it more as in-house business than as the legitimate news story it really is.

But haunting the American press today are monstrous increases in the cost of sending its product in the mails. This financial burden on the press endangers its very existence as a diverse, numerous and independent institution.

As a result of the reform of the old Post Office Department from a governmental unit into a quasi-independent, private business known as the U.S. Postal Service, the rate for mailing publications has shot up drastically. At one point in 1975, the ruling of a single administrative law judge for the Postal Rate Commission threatened to increase mailing rates for local newspapers by 250 per cent, books by 96 per cent, magazines by 121 per cent and nonprofit publications by 132 per cent.

Although the Rate Commission did not adopt the recommendations of the law judge in full, stunning increases are nevertheless scheduled under two decisions already made by that body. For example, the rates currently paid by magazines and metropolitan newspapers have doubled since 1971, when the Postal Service began operations. As a result of the most recent rate decision and new Postal Service proposals, the average rate paid by these publications will be nearly *four* times greater than what they were in 1971. In dollar terms, these magazines and newspapers paid $128 million to the Postal Service in 1971, and they will pay more than $450 million in 1979. Average rate increases for nonprofit publications will be up 700 per cent to 1000 per cent by 1981!

The impact of these increases can be disastrous to publications trying to keep their economic heads above water. Many nonprofit and profit magazines and newspapers that depend on mail delivery will simply fold up. Libraries will be forced to curtail their book-by-mail services and their book purchases. (The total circulation of newspapers and magazines in the mails is almost *9 billion* issues a year; half the books purchased by American libraries are delivered by mail).

It's the general public that stands to suffer the most. And remember, our society is based upon the premise that a self-governing people will receive the knowledge and information that is necessary for us to make responsible decisions.

And if churches find it too expensive to distribute religious materials in the mails, if retired persons' groups are unable to meet the cost of mailing news bulletins to their membership, if schools must trim mail purchases of classroom publications because of higher rates, or if small-circulation newspapers that meet the special needs of local communities disappear, who can predict what the impact upon the culture of the American people might be?

With this in mind, I sponsored legislation with other members of Congress, eventually enacted, phasing large postal rate increases on mailers of publications over a longer period of time than originally mandated by the Congress when it changed the postal structure. "For-profit" magazines, newspapers and books are given until 1979 to adjust to the rising postage rates. Nonprofit publications are allowed until 1988 to cope with these increases. In other words, mailers of publications will pay the full rate of all postage increases by the end of their respective adjustment times, but instead of having to meet

what is in effect several years of increases in a single year, publications will be given a reasonable period of time for absorbing the costs. During the phasing period, Congress is to appropriate for the Postal Service budget the difference between the rate actually paid by mailers and the rate which would have been paid absent the phasing.

The bill's sponsors had inserted language in the legislation which they believed would make the annual appropriations process nearly automatic, but did not count on the resourcefulness of the Office of Management and Budget in defending what they believe is an executive prerogative. So it shall be my aim to persuade Congress and the President to carry out the commitment we made in putting the law on the books by funding the phasing program each year until it ends.

How can a political conservative who ordinarily is skeptical of more public spending support this program? Basically there are six grounds which appear compelling:

First, no permanent federal payments are provided. By 1988, all publications will be paying the entire amount of all postage increases.

Second, the rate increases were unanticipated and unforeseeable consequences of action taken by the government when it transformed the old Post Office Department into the Postal Service. Instead of stabilizing postal costs as Congress expected, the change created a postal nightmare in the form of alarming rate increases.

Third, the increases are beyond the control of mailers, and not the result of bad business judgment by publishers.

Fourth, there is solid proof that mailers have made every feasible effort they could to cope with increased mailing rates by implementing numerous cost-cutting measures which verge on affecting the very nature and equality of the publications being mailed.

Fifth, the circulation of the printed word in the mails has historically been treated as a public service which should be promoted by the government.

Sixth, this is an area in which the subject of free speech, and all that means to the general public and our way of life, is truly involved.

Does aid from the government in this case hold any possibility of undermining the freedom of the press? With the historic acceptance of the press by the American people as a fundamental component of our liberty, there can be no serious fear that our press would yield its independence for a chance to feed at the public trough. The press in the United States would reject public aid long before it became too pervasive. The American public would never accept press aid at a level where it would approach the danger point—even if a rare publication could be found that would accept it.

Thomas Jefferson once wrote that "were it left to me to decide whether we should have the government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter." His words do not end there, as is a common misconception, but with the added warning that "I should mean that every man should receive those papers, and be capable of reading them." Media historian John Tebbel writes: "Jefferson understood that the effectiveness of the press in a democracy is in proportion to the number of people who are able to read its publications and take the time to do it."

A relatively small amount of public funds is needed to provide time in which American publications can adjust to steep increases in postage rates. Surely this program is deserving of the support of all who support freedom.

Mr. FANNIN. I thank the Senator.

Mr. FORD. Mr. President, will the Senator yield for a question?

Mr. FANNIN. I yield.

Mr. FORD. Is the Senator saying that this amendment will allow private carriers to move to an area, any area they want, that they can pick and choose the area they want to go into and take over a profitable area and leave the unprofitable area to the U.S. Postal Service? Is that what he is supporting here? Is that what he is saying?

Mr. FANNIN. I am supporting the Helms amendment which would permit competition, and when we talk about the areas they move or would not move into I think that if we have the proper postal service there will not be any incentive for the company to move into those areas.

Mr. FORD. As I understand it, what this amendment will do is a private carrier can pick and choose and pick the area where he is going to make good money and that would eliminate the ability of the U.S. Postal Service to at least have that profitable area which will allow all the private operators to come in and pick up the profitable areas. Then we are just going to leave the U.S. Postal Service with the most expensive area in which to operate.

Mr. FANNIN. Excuse me. I did not mean to interrupt the Senator from Kentucky. But the Senator from Arizona feels that if the U.S. Postal Service renders the proper service and does what certainly under the intent of Congress it should do it will not be necessary to move into those areas as far as that is concerned because I will say this. Certainly we all must be realistic. There are many areas of the country where it would be very advantageous for them to operate and render a service that is not being rendered beneficially today, and that means that they are not going to cover every area of the country. I do not think that is of great significance because they still——

Mr. FORD. I think it is because all I have heard in argument in the Chamber is how much money the Postal Service loses. Yet we have an amendment here that is going to take away their ability to make some money. It is going to cost the Government even more.

Mr. FANNIN. I think the Senator from Kentucky is aware why they have lost the money. It has been through inefficiency based upon the way they operate. In my State I can certainly confirm that they have not justified their exclusive franchise that they, of course, have, and I do not feel that that should be continued. I feel that competition is going to be very beneficial, and I certainly support the Helms amendment.

Mr. HELMS. Mr. President, if the Senator will yield, the United Parcel Service is itself an answer to the distinguished Senator from Kentucky. The UPS provides service throughout the land.

This amendment simply gives Senators an opportunity to go on record as to whether they truly believe that competition increases efficiency and thereby lowers the cost of the service. It is as simple as that.

Most of what we have heard here today is quite irrelevant. It is really a matter of whether we believe in the free enterprise system, is it not?

Mr. FANNIN. That is correct.

Mr. HELMS. That is all there is to it when we put the red herrings to one side. The United Parcel Service has demonstrated that a service can be rendered more efficiently, at less cost, and without any damage to the Postal Service.

All we want is for the Postal Service to get on the ball and become an efficient mechanism. That is what we seek, is it not?

Mr. FANNIN. Absolutely.

In many areas of private industry today they make more money in one area of the country than in other areas of the country. That does not mean there are not companies operating in other areas of the country.

I feel this would be very beneficial as far as challenging the Postal Service to give better service and certainly not increase rates.

I thank the distinguished Senator from North Carolina.

Mr. HELMS. Just as United Parcel Service provides good service to Chinquapin, N.C., so will a competitive private carrier provide first-class-mail service to Chinquapin, N.C. So we are talking about whether we believe in a free enterprise system and whether we believe that competition will best serve the American people.

I reserve the remainder of my time, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. Ten minutes.

Mr. McGEE. Mr. President, this proposal literally guts the Postal Service of the United States under any guise.

There is not a country in the world that does not have a national monopoly on the postal service. To repeal the private express statutes simply destroys one of the keys to its existence, and that is equal service without penalty to geographical locations, where one lives, what State it is in, and how far away it is. That was a basic concept.

The only way one can extend that equality of service at the same price is through the protection of the private express statutes. That is the whole nub of it.

Of course, one can have a private indulgence in a very heavily populated area or an area where they can make frequent stops. The price immediately goes up and while they have efficiencies it is easy to be efficient with the cream, literally with the cream. But this is the heartbeat of a national postal service, a part of the symbol of which is the flying of the flag of the United States over the only institution in three-fourths of the small communities of America that remind them that indeed this is, as President Washington said, "a chain that binds the country together."

And I think it is an important fact in that regard. It is important in the service it renders to mailers, to beneficiaries of magazines and books that tie people together to the ease of first class mail.

The privacy of the first class mail concept is really what is at stake as well. That, likewise, is the harbinger of the same principle that we believe sustains

the Postal Service. The committee would vigorously oppose this amendment and feel compelled to do so, and I am sure for understandable reasons, I say to the Senator from North Carolina.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. Is there open competition so far as electricity is concerned?

Mr. McGEE. In most cases, no.

Mr. FONG. And telephone service?

Mr. McGEE. In most cases, no. There are small exceptions.

Mr. FONG. This is a monopoly, is it not?

Mr. McGEE. That is correct.

Mr. FONG. Because it is to the benefit of the public that we have a monopoly in certain cases. In this instance, we have a monopoly so far as the post office is concerned.

Mr. McGEE. There is no private sector that is comparable to the Postal Service.

Mr. FONG. Because they cannot reach the rural areas.

Mr. McGEE. They cannot go into the remote areas.

Mr. FONG. If there is competition, the competition will steal the best parts of the business and will leave the other parts.

Mr. McGEE. That is correct.

Mr. FONG. It will mean more cost to the people of the United States.

Mr. McGEE. The unification of a national monopoly in the mails has many great advantages in the sense of national consciousness, national awareness, national service—everything. We could not have that through the private sector.

Mr. FONG. The distinguished Senator from Arizona stated that mail cost is high. What does the Senator from Wyoming say as to that?

Mr. McGEE. Mail cost is not high. Our first-class mail rate is about the cheapest in the world, save Canada. The average is 21.5 cents around the world.

Mr. FONG. And in Australia it is 22 cents.

Mr. McGEE. In terms of the kind of service we would get from a private group, we would find that it would be perhaps a bargain in a very heavily congested area and it would be a hold-up in areas where the population mass went below the profit point. That is in most of America.

Mr. FONG. In West Germany, it is 19.5 cents.

Mr. McGEE. And ours is 13 cents.

Mr FONG. In the United Kingdom, it is 17.3 cents; in Australia, 22.9 cents; in Belgium, 16.7 cents; in France, 18 cents; in Japan, 16.6 cents; in The Netherlands, 20.7 cents. Ours is only 13 cents, for first class mail. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. And we have a very reasonable cost system.

Mr. McGEE. In any case, it is equitable across the board, because no area or no resident is penalized because of location.

Mr. FONG. If this amendment is enacted into law, it will mean more than 13 cents for first class mail.

Mr. McGEE. That is correct.

Mr. HELMS. Mr. President, I have never been double teamed by two finer Members of the Senate. However, I still say, with all due respect to them—and I greatly admire them both—that they appear to be expressing timidity about letting competition work.

Moreover, unwittingly, they are using the very same argument that every monopolist has ever used: We cannot dare let competition work. All manner of horrible things will happen. But, as a matter of fact, competition is what built this country.

Mr. President, I yield back the remainder of my time.

Mr. McGEE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from California (Mr. TUNNEY), the Senator from Iowa (Mr. CLARK), and the Senator from Montana (Mr. METCALF) are necessary absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "Nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) is necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in a family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "Yea."

The result was announced—yeas 6, nays 82, as follows:

[Rollcall Vote No. 521 Leg.]

YEAS—6

Buckley	Helms	Scott, William L.
Fannin	Laxalt	
Goldwater		

NAYS—82

Abourezk	Eagleton	Mansfield
Allen	Eastland	Mathias
Baker	Fong	McClellan
Bartlett	Ford	McClure
Bayh	Glenn	McGee
Beall	Gravel	McGovern
Bellmon	Griffin	McIntyre
Bentsen	Hansen	Montoya
Biden	Hart, Gary	Morgan
Brooke	Hart, Philip A.	Moss
Bumpers	Hatfield	Muskie
Burdick	Hathaway	Nelson
Byrd, Harry F., Jr.	Hollings	Nunn
	Hruska	Packwood
Byrd, Robert C.	Huddleston	Pastore
Cannon	Humphrey	Pearson
Case	Inouye	Pell
Chiles	Jackson	Percy
Church	Javits	Proxmire
Curtis	Johnston	Randolph
Dole	Kennedy	Ribicoff
Domenici	Leahy	Roth
Durkin	Long	Schweiker
Scott, Hugh	Stevenson	Tower
Sparkman	Stone	Weicker
Stafford	Symington	Williams
Stennis	Taft	Young
Stevens	Talmadge	

NOT VOTING—12

Brock	Garn	Metcalf
Clark	Hartke	Mondale
Cranston	Haskell	Thurmond
Culver	Magnuson	Tunney

So Mr. HELMS' amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Louisiana (Mr. LONG).

CHILD DAY CARE SOCIAL SERVICES UNDER TITLE XX OF THE SOCIAL SECURITY ACT—CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on H.R. 12455 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The Legislative Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12455) to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV-A and VI of the Social Security Act, may continue to receive services under title XX of that act without individual determinations, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 30, 1976, beginning at page 21664.)

Mr. LONG. Mr. President, I ask unanimous consent that the Senate vote on the conference agreement immediately after the disposal of the pending bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

TIME LIMITATION AGREEMENT—H.R. 14232

Mr. MANSFIELD. Mr. President, I ask unanimous consent that immediately after the disposition of the vote on the conference report on H.R. 12455, the Senate proceed immediately to the consideration of the conference report on H.R. 14232, the Labor-HEW appropriations bill, and that the debate on the conference report and all amendments in disagreement, except amendment No. 68, be limited to a total of 30 minutes, and that the debate on amendment No. 68 be

limited to 1 hour and a half, with a half-hour for the distinguished Senator from Oregon (Mr. PACKWOOD). The remaining time divided between and controlled by the Senator from Indiana (Mr. BAYH) and the Senator from Massachusetts (Mr. BROOKE); and that any amendments to such amendment or other motions or appeals associated therewith be limited to 30 minutes, the time in all instances to be limited and controlled in the usual manner; and that this agreement be in the usual form.

Mr. BROOKE. Out of the hour do we have to give a half hour to the junior Senator from Oregon?

Mr. MANSFIELD. No, we have provided specifically for one half hour to the Senator from Oregon.

Mr. BROOKE. So we have an hour on amendment No. 68 and the junior Senator from Oregon has a half hour?

Mr. MANSFIELD. The Senator is correct.

The PRESIDING OFFICER (Mr. BUCKLEY). Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, so that first we will vote on final pasage on the pending business, when we get to it; then we will vote on the conference report presented by the distinguished Senator from Louisiana (Mr. LONG), and then we will take up the Labor-HEW conference report.

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

(Later in the day the following proceedings occurred:)

Mr. MANSFIELD. Mr. President, on the unanimous-consent agreement covering the conference report on Labor-HEW appropriations, I ask unanimous consent that the 30 minutes granted to the Senator from Oregon (Mr. PACKWOOD) be vacated, and that 15 minutes be taken out of the time of the Senator from Massachusetts (Mr. BROOKE) and 15 minutes out of the time of the Senator from Indiana (Mr. BAYH)—with their full agreement—and transferred to Senator PACKWOOD.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The text of the agreement is as follows:

Ordered, That, during the consideration of the conference report on H.R. 14232, the Labor-HEW Appropriations Bill, debate on the question of the adoption of the conference report and all amendments in disagreement shall be limited to a total of 30 minutes, to be equally divided and controlled by the manager of the conference report and the Minority Leader or his designee:

Ordered further, That debate on the amendment in disagreement, No. 68, shall be limited to 1 hour, to be divided and controlled with 30 minutes to the Senator from Oregon (Mr. Packwood), 15 minutes to the Senator from Indiana (Mr. Bayh), and 15 minutes to the Senator from Massachusetts (Mr. Brooke), and with time on any amendment, debatable motion, or appeal thereto being limited to 30 minutes, to be equally divided and controlled by the manager of the conference report and the Minority Leader or his designee.

ORDER FOR THE RECOGNITION OF MR. BEALL TOMORROW

Mr. MANSFIELD. Mr. President, I would like to ask unanimous consent that after the leaders have been recognized tomorrow the Senator from Maryland (Mr. BEALL) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Is this to come after the Senator from Rhode Island?

Mr. MANSFIELD. Yes.

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

ORDER OF BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, it is the intention of the leadership if an agreement is reached on the Higher Education Act and the vocational education bill, to endeavor to call up the rangelands bill tomorrow.

I thank the Senator from North Carolina for his usual graciousness and patience.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

The PRESIDING OFFICER. Under the previous order, the Senator from North Carolina (Mr. HELMS) is recognized to present his amendment.

AMENDMENT NO. 2070

Mr. HELMS. I thank the Chair.

Mr. President, I have an amendment at the desk, No. 2070, which I call up and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes amendment numbered 2070.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the bill, add the following:

SEC. 9. (a) Section 1346(b) of title 28, United States Code is amended—

(1) by inserting "(1)" immediately after "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) subject to the provisions of chapter 171 of this title, the district courts, together with the United States District Court for the District of the Canal Zone and the District Court of the Virgin Islands, shall have exclusive jurisdiction of civil actions on claims against the United States for money damages arising out of the loss, miscarriage, or negligent transmission of any mail matter by any employee of the United States Postal Service while acting within the scope of his office or employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred. In any such civil action, in which the length of the period for the transmission of any mail matter is a factor, a prima facie case and a rebuttable presumption of negligence, omission, or a wrongful act shall be established if the plaintiff offers evidence of the date on which such mail matter was delivered to the United States Postal Service for transmission and the date on which the addressee received such mail matter from the United States Postal Service, and evidence with respect to the unreasonableness of the length of the period between delivery to the United States Postal Service and receipt by the addressee."

(b) Section 2680(b) of such title is amended to read as follows:

"(b) Any claim for money damages for the replacement or repair costs of any mail matter arising out of damage to or loss of such mail matter as a result of loss, miscarriage, or negligent transmission of such mail matter and any claim arising out of the loss, miscarriage, or negligent transmission of any mail matter as a result of a strike by employees of the United States Postal Service, warfare, a natural disaster or catastrophe, or an epidemic.".

(c) The amendments made by this section apply to claims arising on and after the date of enactment of this Act.

Mr. HELMS. Mr. President, I think that Senators will agree that the American people, almost as a single voice, are now demanding a meaningful reform of the U.S. Postal Service—a comprehensive restructuring of an integral part of the Federal Government which is an embarrassment and frustration to this entire Nation. I am indeed gratified that this long-needed reform is now the topic of serious and sincere discussion in the Senate.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. Will the Senator suspend? May we have order on the floor so that Senators may hear the debate. The Senator may proceed.

Mr. HELMS. I thank the Chair.

While I am sure the intent of the pending legislation is commendable, I feel that it fails to address itself to a serious problem which deserves to be considered by the Senate today.

Mr. President, I suspect that every Member of the Senate is being constantly bombarded with literally hundreds of complaints regarding the operations of the Postal Service. Many of these complaints are concerned with the needless monetary losses brought upon businesses and individuals by the Postal Service.

Let me recite just two examples of small businesses and citizens in my State helplessly penalized by the Postal Service. The first example is contained in excerpts from a letter dated June 9, 1976:

On May 14 a check for White Furniture Company was mailed from Chase Manhattan Bank in New York to Central Carolina Bank here in Mebane. The check was for $15,000. The post office still has it. This is a total of 26 days.

This gentleman was writing on June 9, 1976, as follows:

On April 30, Duke Power Company mailed White Furniture Company an electric bill. The bill was received May 5.

Let me repeat those two dates, Mr. President. The bill was mailed on April 30. The bill was received on May 5.

It was paid promptly (amount $7,221.05) and the check was mailed to Duke Power Company; however, the post office still has it. Yesterday, we stopped payment on this check. We received a bill from Duke Power Company for our May bill and they added 1% for late payment in the amount of $72.21 . . .

The above was just a couple of the more glaring, more expensive, post office "services" that have been experienced here recently; there are numerous others which are unnecessary to mention. By the way, we didn't trust the post office to deliver our most recent check to Duke Power Company; I personally took it to the Mebane Duke Power Company Office and handed it to the manager.

Mr. President, the second example, also contained in a letter, is dated April 6, 1976. I quote:

On March 24, 1976, we delivered to the Greensboro, North Carolina, Post Office 187 bags of mail, weighing 7,334 pounds. Each bag was properly coded and mailed in accordance with postal instruction under our bulk rate permit No. 8.

All Greensboro, North Carolina, items were bagged by zip code direct.

The delivery of this mailing to some of our own employees in Greensboro, North Carolina, was made over a period of several days with deliveries being made on Friday, March 26; Saturday, March 27; Monday, March 29; Tuesday, March 30 and Wednesday, March 31.

No mailings were received in our home office in Greensboro, North Carolina, until Tuesday, March 30.

Secretaries in my office who live in nearby communities of Franklinville, North Caroline, and Stoneville, North Carolina, still have not received their annual reports as of April 6.

In other words, Mr. President, this mailing, all of which was delivered to the Post Office on March 24, 1976, took varying amounts of time ranging from 2 days to 2 weeks to be delivered in the same community, if it was delivered at all.

Mr. President, these two examples simply point out a continually growing problem of which I am confident all Senators are aware. It is one thing when our Postal Service makes things uncomfortable, but when it begins causing businessmen and individuals to be monetarily penalized for something over which they have absolutely no control, then we have a situation where simple fair play demands immediate action. It is the small businessman, that class of entrepreneur, that cannot afford alternative forms of delivery and cannot afford monetary penalties, who is suffering as a result of postal mismanagement and congressional inaction.

Mr. President, we must give the people of this Nation a tool by which to recover damages suffered due to an unreliable Postal Service. The Postal Service, of course, denies it is unreliable. What this amendment now pending does is to take the Postal Service at its word. If it is reliable, as it claims to be, if claims of mismanagement are exaggerated, which they say they are, then the right of redress granted by this amendment should be of minor consequence to the Postal Service.

The amendment I am offering will provide the citizens of this Nation with a tool by which to make the Postal Service truly what it says it is: a service. This amendment will give the average citizen the right to maintain a suit under the Tort Claims Act against the U.S. Postal Service and/or the United States for negligence in the delivery of mail. This newly created liability would be restricted to delayed or incorrect delivery and would not involve liability arising from damaged parcels, which are presently covered by an optional insurance system. For example, when a citizen mails an important letter to a destination that would normally involve a 2- or 3-day delivery period and the Postal Service does not deliver the letter until 2 or 3 weeks, or months, following the mailing of the same, and the citizen suffers a monetary loss as a result of the delay, a claim for relief would lie against the Postal Service for any provable — provable — actual damages suffered.

George Washington once referred to the Postal Service as "a chain that can never be broken."

I think that chain is being taxed rather strenuously, Mr. President, by the inefficiency of the Postal Service as it is now operated.

But, in any case, this amendment would strengthen a vital link of that chain.

I urge adoption of the amendment, and I reserve the remainder of my time.

Mr. FONG addressed the Chair.

The PRESIDING OFFICER (Mr. BUCKLEY). The Senator from Hawaii.

Mr. FONG. Mr. President, we oppose this amendment very vigorously.

What the distinguished Senator is asking is this, for one dime and 3 cents one can sue the Government for damages. That is what he is really saying. For 13 cents, for a postage stamp that costs 13 cents, we put it on an envelope and if anything goes wrong we have a suit against the Government. Thirteen cents and we have a suit against the Government.

If we have an efficient Postal Service, for example, and we are now processing 19 million pieces of mail, if 99.9 percent is efficiently delivered and only 0.1 percent—or .01 percent—is undelivered, what have we got? We may have 19 million lawsuits against the United States.

What does that mean? That means, to protect itself, the post office would have to know when every piece of mail that is dropped, is delivered, because it has to protect itself. The man or woman who received the mail would say, "I received this mail 10 days after it was stamped." The post office would have no way of saying they did not receive it on the day after it was postmarked.

So the post office would have to register or keep a record of every piece of mail that is thrown into its box and every piece of mail that is delivered. That is a tremendous burden.

If we are going to have lawsuits there will be claims, and claims will be paid. That means that the 13-cent stamp will be increased to take care of the cost of paying for this lawsuit. Then we will have everyone paying a larger amount for postal service.

Presently, we have insured mail. If a person wants to be protected, he can insure his mail. If he wants to register his mail, he can register his mail. He has the option of an experimental express mail option 5, which offers overnight delivery between major cities with a money-back guarantee, or control pack, which gives special security treatment to a postal customer's large mailing.

If a person wants security, he can have security by having his mail insured. Why subject everyone in the country to larger mail costs just to give him a chance to sue the Federal Government?

Every man should have the right to choose by what his particular needs are. In that case, if he does not want that service, he should not be forced to take that service. If we provide a suit against the Federal Government, necessarily he must pay added cost.

This amendment will create the possibility of a tremendous increase in the number of court suits brought each year against the Federal Government. I do not think the Federal Government is equipped to defend itself against the tremendous number of lawsuits which can be generated.

As I said, if we had only 0.01 percent of the mail misdirected, we would have 90 million lawsuits against the United States. Every person having paid 13 cents will have a lawsuit against the United States.

Mr. McGEE. Will the Senator yield?

Mr. FONG. I yield.

Mr. McGEE. I asked the Senator to yield because he has made a very blunt case for the committee having to oppose this, particularly in this particular setting. This is a serious proposal with many ramifications attached to it, and it is presented without hearings. Our committee has had no hearings on it. As a matter of fact, I do not even think it is in our jurisdiction. I am told that there is such a proposal pending before the Judiciary Committee. That is their baby properly, I think, in a jurisdictional sense. But they have not had a chance to hold their hearings and to evaluate this. In that depth surely a move without hearings would not be well advised. I think the Senator might withdraw the amendment after this colloquy so he could pursue the proper legislative channels in its consideration.

Mr. FONG. I do not think a patron could seriously consider that for 13 cents he can sue the Government.

Mr. HELMS. But a patron can go into the lobby of a post office to buy a 13-cent stamp, slip on a slippery floor, and sue the Government.

The Senator from Hawaii has all sorts of statistics. But only a very small

amount of misdirected letters involve probable monetary loss. Further the burdent of proof is upon the plaintiff, as the Senator knows.

Mr. FONG. But the Senator has a presumption of negligence which is rebuttable.

Mr. HELMS. That is correct insofar as it is necessary to establish the res ipsa loquitur principle. But I do not believe it would be awesomely difficult for the Postal Service to demonstrate whether it is or is not efficient, as it says it is by going back to the cancellation stamp.

I think the citizens of this country, since we are talking about an efficient postal system, are entitled to know where the Senate stands on this question. We have citizen after citizen writing to us—and I am sure the Senator from Hawaii has had the same experience—saying, "This incident has cost me hundreds or thousands of dollars because of the inefficiency of the post office." These people are not manufacturing these incidences. They are just not getting the service.

Mr. FONG. He could insure his mail if he wished to.

Mr. HELMS. Does the Senator really want to go that far? All we are talking about is achieving efficiency in the Postal Service. We do not have it now, because there is no incentive. We have labor unions running the Postal Service.

Mr. FONG. I disagree that we do not have efficiency in the Postal Service. If the Senator will look at the overall picture, the Senator will see that they have reduced the number of employees by almost 65,000. They have saved about $600 million a year in costs. I think they have done a pretty fair job.

Mr. HELMS. As a matter of fact, a great deal of the criticism of the Postal Service that I receive comes from postal employees who have to try to operate it as it is now functioning, or malfunctioning as the case may be. So I am not criticizing those hardworking people who are doing the best they can.

Mr. FONG. When we consider that there are 90 billion pieces of mail that go through the post office every year, if only 1 percent went haywire, we will have 900 million complaints. The Senator can see the enormity of this problem.

Mr. HELMS. I sometimes think I have had half of those 900 million complaints in my office in the last 6 months. I do not know what the proportion is for the other States, but we are having a great number of complaints.

Mr. FONG. If there are 1 million complaints, that is a lot of complaints. If there is 1 percent of all mail not being delivered at the right time or which has gone astray, the Senator will find that there are 900 million pieces going awry. I do not think we have that kind of criticism.

Mr. HELMS. Mr. President, if the Senator has no further comment after obtaining the yeas and nays I will yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. FONG. I yield back the remainder of my time.

Mr. HELMS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from North Carolina. The yeas and nays have been ordered and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The result was announced—yeas 9, nays 79, as follows:

[Rollcall Vote No. 522 Leg.]

YEAS—9

Case	Kennedy	Scott, William L.
Durkin	Mathias	Stafford
Fannin	McClure	
Helms		

NAYS—79

Abourezk	Gravel	Muskie
Allen	Griffin	Nelson
Baker	Hansen	Nunn
Bartlett	Hart, Gary	Packwood
Bayh	Hart, Philip A.	Pastore
Beall	Hatfield	Pearson
Bellmon	Hathaway	Pell
Bentsen	Hollings	Percy
Biden	Hruska	Proxmire
Brooke	Huddleston	Randolph
Buckley	Humphrey	Ribicoff
Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd, Harry F., Jr.	Javits	Scott, Hugh
Byrd, Robert C.	Johnston	Sparkman
Cannon	Laxalt	Stennis
Chiles	Leahy	Stevens
Church	Long	Stevenson
Curtis	Mansfield	Stone
Dole	McClellan	Symington
Domenici	McGee	Taft
Eagleton	McGovern	Talmadge
Eastland	McIntyre	Tower
Fong	Metcalf	Weicker
Ford	Montoya	Williams
Glenn	Morgan	Young
	Moss	

NOT VOTING—12

Brock	Garn	Magnuson
Clark	Goldwater	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney

So Mr. HELMS' amendment (No. 270) was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

TIME LIMITATION AGREEMENT—H.R. 12455

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate turns to the vote on the conference report presented by the Senator from Louisiana (Mr. LONG), the child day care conference report on H.R. 12455, that the Senator from Oklahoma (Mr. BARTLETT) be recognized for not to exceed 15 minutes and the Senator from Louisiana (Mr. LONG) be recognized for not to exceed 10 minutes.

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

(Later in the day the following proceedings occurred:)

Mr. MANSFIELD. Mr. President, following up on the agreement already entered into, in which the Senator from Oklahoma will have 15 minutes and the Senator from Louisiana 10 minutes, it would be at the conclusion of those remarks that the vote on the conference report will take place.

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

COMMITTEE MEETING TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a subcommittee of the Committee on the Judiciary may have permission to meet tomorrow to consider certain nominations.

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

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

AMENDMENT NO. 2125

Mr. BUCKLEY. Mr. President, I call up my amendment No. 2125 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. BUCKLEY) proposes amendment numbered 2125.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . (a) Chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 607. Use of letter boxes by private carriers

"(a) A private carrier of mail may deposit any mailable matter in any letter box established, approved, or accepted by the Postal

Service for the receipt or delivery of mail matter on any mail route.

"(b) For the purposes of this section, the term 'mailable matter' does not include any matter, which with respect to the Postal Service is nonmailable under section 3001 (a) and (e), 3002–3006, and 3008–3010 of this title."

(b) The table of sections for such chapter is amended by adding at the end thereof the following new item:

"607. Use of letter boxes by private carriers.".

(c) Section 1725 of title 18, United States Code, is amended by inserting "(a)" immediately before "Whoever" and by adding at the end thereof the following new subsection:

"(b) This section shall not apply to a private carrier authorized to deposit mail in a letter box under section 607 of title 39.".

(d) (1) Chapter 83 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1738. Deposit of nonmailable matters

"Whoever knowingly and willfully deposits any matter which is nonmailable with respect to the Postal Service under section 3001 (a) and (e), 3002–3006, and 3008–3010 of title 39, in any letter box established, approved, or accepted by the Postal Service for the receipt or delivery of mail matter on any mail route, shall for each such offense be fined not more than $300.".

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by inserting at the end thereof the following:

"1738. Deposit of nonmailable matter.".

Mr. BUCKLEY. Mr. President, this amendment is a simple one. It would serve to allow private carriers now authorized to deliver mail to deposit mailable matter in letterboxes.

The intent of my amendment is threefold:

First, to guarantee the safety of all mail;

Second, to establish rightful control over a letterbox; and

Third, to end the discrimination levied against private carriers of the mail.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct.

The Senate will be in order.

The Senator may proceed.

Mr. BUCKLEY. Mr. President, I wish to make clear that my amendment will not permit the deposit in mailboxes of mail declared illegal by the Postal Service under sections 3001 (a) and (e), 3002 through 3006, and 3008 through 3010 of title 39, United States Code. I speak of such "nonmailable matter" as: Mail bearing a fictitious address, unsolicited advertisements for contraceptives; delivery of mail to persons not residents of that place for the purposes of escaping identification; and certain pandering and sexual advertisements.

My amendment subjects private carriers to the same penalty, namely prosecution and fine, that postal employees and the general public presently face for violation of these statutes.

Mr. President, in spite of the fact that an individual buys, installs, and maintains a mailbox at his residence, it is legally the property of the U.S. Government. The Postal Service is the sole determiner of what may be deposited into it. I believe this is an unnecessary infringement on the individual's property rights and an arrogant disregard for the respect and choices of the people. To deny private carriers access to the mailboxes is discriminatory, and unfairly penalizes those who receive mail from private carriers. Mail delivered by private carriers is denied the same security of a mailbox that mail delivered by the Postal Service receives. Often mail delivered by private carriers is deposited under the door, in the crack of the door, or between doors. Not surprisingly, the threat of theft or mail loss to the recipient is very real. Furthermore, the alternatives employed by private carriers often advertise the absence of a homeowner.

It has been estimated that significant savings to the consumer can be realized by passage of my amendment. For example, I am informed that the Utah Power and Light Co. spends on postage $22,810.71 per month based on 13 cents per bill. The studies of U-Til-Bill Service, Inc. of Salt Lake City shows that these bills can be delivered at a cost of 8 cents per bill or $14,037.36 per month by private carriers or company employees. This constitutes a savings of $8,773.35 per month or $105,280.20 per year. We cannot afford to deny savings of this magnitude to consumers and the businesses that serve them.

Chairman Alfred Kahn of the Public Service Commission of the State of New York recently expressed his support for my amendment, noting that savings could ultimately be realized by the consumer if utility companies were allowed to deliver their own bills. In letters to the chairman, Consolidated Edison of New York, Rochester Gas and Electric Corp., Long Island Lighting Co., and Orange and Rockland Utilities, Inc., were a few of the New York utilities that expressed a desire or studied the feasibility of delivering their own bills in order to cut costs. In each case, however, the inability of these firms to deposit the bills in mailboxes was a significant factor in their abandoning this alternative.

Mr. President, I ask that Chairman Kahn's May 7, 1976, letter to me and the letters received by Chairman Kahn from the aforementioned utility companies be printed in the RECORD.

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

MAY 7, 1976.

Hon. JAMES BUCKLEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BUCKLEY: It has just come to my attention that you have introduced a bill that would permit private carriers to use customers' mailboxes. I write to express my support for your effort.

My support is based first on the same kinds of economic and philosophical considerations as, I am sure, motivate you: namely, a distaste for monopoly, and a belief that, wherever feasible, government monopoly should be just as thoroughly subjected to the test of competitive alternatives as private.

I write, also, in my capacity as Chairman of the New York Public Service Commission. It came to my attention recently that some utility companies were considering the possibility of resorting to their own delivery of their bills, instead of relying on the Postal Service; I wrote to the major utility companies within the State to ask whether they had given consideration to this alternative, as one possible means of holding down the rate increases that we have been constrained to permit, and that have been so painful to the customers in New York State.

One response was that their inability, under the law, to use the mailboxes was an impediment to their resort to this possibility.

I do not know that ability to use the mailboxes would tip the balance. But I see no reason why there should be this artificial impediment to this possibility of offering some relief, however small, to the utility customers of the State.

Sincerely,

ALFRED E. KAHN.

MAY 4, 1976.

Hon. ALFRED E. KAHN,
Chairman, Public Service Commission, State of New York, Empire State Plaza, Albany, N.Y.

DEAR CHAIRMAN KAHN: Thank you for forwarding the New York Times article on the hand delivery of utility bills. We have given a considerable amount of thought to this possibility over the past few years and serious consideration was given to implementation of hand delivery prior to the increase in the first class postage rates from $.10 to $.13. Our conclusion was that the Postal Service still provides the most practical and economical service available even at the $.13 rate.

There are legal impediments to the hand delivery of bills. Delivery of first class mail by other than the Postal Service is illegal unless done by Company personnel, the law limits the use of home mail boxes to the Postal Service, and the legal questions regarding the lack of a post mark and its effect on the due date of bills and expiration date of collection notices would have to be resolved before hand delivery was instituted.

We were aided in our review by a Long Island hand delivery company which agreed with our conclusions. They advised that five deliverers per vehicle plus a driving supervisor were necessary for quality control and to keep costs in line, a situation not compatible with our present meter routing. With hand delivery companies legally eliminated, we concluded that we could not hire employees at a low enough hourly rate, including fringe benefits, to make hand delivery economical.

Utilities claiming economically successful hand delivery are largely limited to urban areas. Hand delivered bills are placed under doors or in plastic bags hung on doornobs with the obvious attendant problems. In contrast, Postal Service delivery in Long Island Lighting territory has been very good to date with the majority of our bills being delivered on an overnight basis and no major problems being encountered.

Although postal rates have doubled since 1971, these costs represented only $.66 per year of a total customer accounts expense of $12.95 per year per average customer for the 12 months ending February 1976. The most optimistic estimates would save approximately $.20 per year per customer at this time even if all of the practical problems could be resolved. We believe these estimates do not include all associated costs and that hand delivery saves little or nothing at all.

In addition to studying the possibility of hand delivery of bills, other steps have been taken to moderate the impact of the increase in postal rates. Hand delivery has been used successfully for invitations to our residential consumer insulation seminars. In such non first class applications we do not have to be assured of 100 percent delivery reliability. Several years ago we programmed our collection notice routines so that these notices were incorporated with regular bill-

ing wherever possible. We have also worked with the Council of Public Utility Mailers to achieve a discount for bulk mailers with presorted mail. This industry effort has resulted in a recommendation for a $.01 per item discount which will be presented to the Postal Service Board of Governors this week for final approval.

Our Customer Relations people are meeting with the hand deliverers again this week to review changes that have taken place recently and in light of predictions of even higher postal rates in the near future. Please be assured that we will continue to follow this matter closely and keep you advised of any developments which would change our position.

Very truly yours,

CHARLES R. PIERCE.

MAY 4, 1976.

Mr. ALFRED E. KAHN,
Chairman, State of New York, Public Service Commission, Empire State Plaza, Albany, N.Y.

DEAR CHAIRMAN KAHN: I could swear that you have my office bugged.

Within the past few days I have reviewed a report, which I requested, in regard to the possibility of hand-delivering our service bills. Although the report shows some anticipated savings, I do not feel it is substantial enough to start hand-delivery at this time.

Other companies were contacted and their experiences range from good to poor. The major problems were with personnel willing to deliver bills, places to leave the bills, and customer complaints. Florida Power and Light Company received some adverse publicity as indicated in the enclosed letter to the editor. You are probably aware, however, of Senator Buckley's bill which would allow private carriers to use customers' mail boxes. This could ease some of the problems of hand-delivery.

We are expecting a reduction in postage of one cent for each bill if we sort to zip code. This should be resolved within the next few weeks.

I have asked my people to continue their review and to keep me informed.

Cordially,

FRANCIS E. DRAKE, Jr.

WELCOME, BURGLARS?

To The Editor:

Poor Florida Power & Light Company has earned, and deserves, an award from all associated and unaffiliated real and would-be housebreakers and robbers.

Its action in instituting door-to-door, hand-on-the-knob delivery of monthly statements has done almost as much to improve the climate for crimes of breaking and entering as would abolition of street patrolling by police. The plastic bag with the FPL bill left hanging on any door for any length of time signals: "I'm away for a while. Come on in and take your time and help yourself."

WILLIAM W. HERSHEY.

MAY 10, 1976.

Dr. ALFRED E. KAHN,
Chairman, State of New York, Public Service Commission, Empire State Plaza, Albany, N.Y.

DEAR DR. KAHN: In response to your letter of April 27 which refers to the New York Times article on utilities handling the delivery of their own bills due to the unusual increases in postage costs, Orange and Rockland has taken positive action as follows:

We originally made a feasibility study on the hand delivery of customer bills in 1971, when the cost of first class postage was scheduled to increase from 8¢ to 10¢.

This initial study revealed that hand delivery would not be economical for Orange and Rockland as we serve a mainly suburban territory. Practically all utilities utilizing this method serve densely populated areas, thus making it possible to more easily deliver a substantial number of bills per day and therefore derive considerable cost savings. The suburban utilities inherently lose these economies due to the greater time consumed in walking and driving between each bill delivered.

The hand delivery method was again reviewed during 1975 when first class postal rates were scheduled to increase to 13¢. In this current study the cost differential lessened. However, lack of population density is still a major factor.

In addition, we presently are reviewing the cost justification of revising our customer billing computer programs to obtain the 01¢ savings in postage cost which is scheduled to go into effect in June 1976 for all companies that pre-sort by zip code. If this cost justification proves negative, we definitely will be able to derive the postage savings by July 1977 when our new customer information system is scheduled to be in effect.

Two future actions may eventually contribute to deriving cost savings through the hand delivery of bills.

The first factor would be passage of the bill introduced by Senator James L. Buckley which would allow delivery services to use mailboxes. This action would both reduce delivery walking time and eliminate the need for special costly doorknob hangers.

Secondly, Orange and Rockland will be rerouting customer billing cycles to specific geographical areas. By so doing, we would concentrate deliveries geographically. This re-routing should reduce manpower requirements and basically eliminate the current travel time now required between several geographical areas.

You can be assured that any potential savings or cost reductions that may be available to us will be continually reviewed as part of our overall and continuing cost reduction program.

Sincerely,

DEAN B. SEIFRIED,
President and Chief Executive Officer.

Dr. ALFRED E. KAHN,
Chairman, Public Service Commission, Empire State Plaza, Albany, N. Y.

DEAR CHAIRMAN KAHN: I refer to your letter of April 27th concerning the article in the New York Times relative to an increase of mail service competition.

We are very much aware of the rising costs of postage and with each increase, the feasibility of hand delivery of our customer bills is evaluated. However, it is our opinion that the disadvantages of hand delivery still outweigh the advantages.

In October, 1972 we did conduct a pilot program involving hand delivery of customer bills. Many of the high rise apartment houses, secured by doormen who restrict entrance to buildings to tenants and visitors, prohibited our employees from gaining admittance. In addition, postal laws prohibit placing bills in postal boxes provided for residents of those buildings which permit our access.

Despite close supervision of bill deliverers, hired solely for this mission, rather numerous complaints were made for the following reasons:

1. Bills not completely slipped under customer's door.
2. Bills shoved too far under customer's door, ending up in closets, under rugs, etc.
3. Bills left in hallways, on radiators, in lobbys, etc.
4. Bills delivered to wrong apartments.
5. Bills chewed up by pets.
6. Bills left with superintendents, doormen, etc.

We recently established a Tuesday to Saturday work schedule to process bills more promptly in an endeavor to improve our cash flow. Bills presently mailed are received by our customers three days after the meter has been read. This prompt delivery is not possible in most cases of hand delivery, because of the need to re-sort bills for proper sequencing at the delivery site.

You are doubtless aware that the U.S. Postal Service is expected to approve a one-cent discount for pre-sorting a minimum of 500 pieces of first class mail to the five digit zip code. We are prepared to take advantage of this discount for an estimated saving of $385,000 per year. It is anticipated that this regulation will become effective by July 6, 1976.

Please be assured that we will continue to keep this matter under close surveillance and should it become operational and economically feasible, we will undertake such a program. Our people would be happy to talk with any of your staff on this subject.

Sincerely,

CHARLES F. LUCE.

Mr. BUCKLEY. Mr. President, Southern California Gas Co. conducted studies on the economic feasibility of an employee delivery program. The economic report proved favorable. However, according to officials of that company, their inability to deposit their bills in mailboxes was the single most significant factor in their decision to abandon this program. The Boston Gas Co. delivers its bills for approximately 9 cents per bill; People's Gas Co. of Chicago delivers its bills for 10.5 cents per bill; and Philadelphia Gas Co. delivers its bills for 6.9 cents per bill. Miami Power & Light recently implemented an employee bill delivery program with estimated savings of $77,000 per year, serving 214,000 customers. In May 1976, Georgia Power Co. instituted the same program in Atlanta with expected savings to amount to $25,000 per month. Each of these companies have advised my office that lifting the mailbox restriction would greatly facilitate their operations and, for some, possibly enable them to expand their programs.

In the village of Kenmore, N.Y., Mayor Robert A. Malloy had municipal employees deliver the village's 25,000 water bills when they read the meters. He estimated this would save the village between $3,000 and $4,000 per year and also avoid employee layoffs. However, when the employees deposited the bills in the mailboxes, the Postal Inspection Service removed the bills from the residential mailboxes and threatened to prosecute the village officials.

Mr. President, there are no justifiable reasons to deny consumers such savings or to retain this artificial barrier against private carriers, utility companies, and municipalities who seek alternative ways to deliver their mail. Furthermore, it is essential that we guarantee the safety of the mails no matter who delivers it. This means allowing all mail to enjoy the security of a mailbox. Finally, we must restore to the owner the right to have his mailbox used for all mail and not just that delivered by the U.S. Postal Service.

Mr. McGEE. Mr. President, the committee must oppose this amendment, even though it is well intended, particularly in urban areas. A case can be made that it would facilitate the delivery of bills by utility firms, perhaps at a lower cost. That is variable in different areas.

However, it does so at the expense of the Postal Service of the United States, for the Postal Service seeks to distribute the costs without any selecting out, clear across the country—rural areas, urban areas.

Any items that ordinarily would pass through the mails and pay their way help to keep the costs under control in areas where they cannot afford the luxury of an urban distribution by, let us say, electric companies and the like. It is part of the same principle at stake and would at least repeal a part of the private express statutes, because it is intruding into that prerogative which is reserved as a total monopoly for any postal service almost anywhere around the world.

For those reasons, the amendment would have to be opposed by the committee, for understandable reasons, even though I think it has some sense in a heavy population area as a distribution factor, where there is a question of security in some of the mailing systems and where a mail system is utilized that somebody has to pay for.

We think the equity really lies in avoiding this intrusion into a mail service prerogative.

Mr. BUCKLEY. Mr. President, I appreciate the arguments advanced by the Senator from Wyoming, but I suggest that equity is not done under the present system.

Basically, people living in more heavily populated areas are in fact already subsidizing mail service to people in sparsely inhabited areas.

Second, I think it is a well-known fact that it costs a great deal more to live in a heavily populated area than it does out in the country.

So it seems to me that to eliminate the small measure of relief that would otherwise be available to people who could have the benefit of direct delivery of utility bills—water bills and things of that sort—means that they are, in effect, asked to sacrifice on top of the sacrifice already made to sustain a nationwide system.

It seems to me that in asking the taxpayers to provide the funds that sustain our overall postal system, that is the more appropriate and the more equitable way of meeting a deficit than, in effect, to force utilities to deliver bills to their customers by the U.S. mails, in order to provide the security that the householder would naturally want.

I also point out that in many of the areas that we speak of, the householders are paying very high prices for energy. Certainly in New York City and the metropolitan areas of New York, we have the highest electrical rates in the country. The amendment that I suggest, I think, is not only reasonable and not only equitable, but would offer some small measure of reduction in these costs.

Mr. FONG. Mr. President, there are two matters to be considered here. First is the matter of whether we want to take revenue away from the Postal Service; second, what security are we taking away from the letter box? The Postal Service is firmly against this amendment and it states as follows:

> We firmly believe that legislation permitting the deposit of matter other than mail in letterboxes or similar receptacles is not in the public interest. As a practical matter, because of the requirement to pay postage on mailable matter placed in a letterbox, letterboxes are now legitimately visited only by postal employees or by persons who receive or send mail through letterboxes. The security of mail in letterboxes depends in large measure on public knowledge of this fact.

In other words, we know that this mail box is secure because the only person who can touch that mail box is the receiver of the mail or the postman. If we allow all kinds of things to be deposited in this mail box, we shall not have that kind of security, especially now, when we place so much importance on the receipt of social security checks, retirement checks, financial instruments, and similar mailed matter.

The Postal Service says:

> . . . we believe the security of the individual's letterbox is a consideration which deserves every reasonable protection that the Government can provide.

The other question to be decided upon is, do we want to take away revenues from the Postal Service? This is what the Post Office says:

> In addition, forbidding the deposit of unpaid matter in letter boxes provides important protection for postal revenue. The enactment of 18 U.S.C. Section 1725 occurred in part because Congress found that private delivery of certain material to letterboxes had produced a significant drain on postal revenues. The protection of postal revenue through laws discouraging the carriage of letters outside the mails continues to be a national policy.

To allow the nonpayment of postage by mailers would take away a lot of the revenues from the Postal Service.

The distinguished Senator from New York has stated that many of these utility companies, for 8 cents, instead of paying the 13 cents for postal mail, can deliver a piece of mail to a post office box. If we take away all of the mailings of these utilities, take away the mailings of many of these large companies in the urban areas, where they can do it much cheaper because the mail boxes are concentrated and where the residents are concentrated, we shall be taking a tremendous amount of money from the Postal Service. We shall be doing a great disservice to the Postal Service, because it will not then be equipped to do the service for those in the outlying areas where the boxes will not be used, and the general public will be called upon to pay a larger cost for delivering their mail.

For these two reasons, we oppose this amendment.

Mr. BUCKLEY. Mr. President, I shall not prolong this. I believe that the issues are simple enough. The distinguished Senator from Hawaii did raise an additional point that had not been raised by the Senator from Wyoming, who concentrated on the cost factor. That is security. First of all, my amendment is still limited to access to the mailbox by authorized private carriers.

No. 2, let us face it: The fact that legal access to mailboxes is limited does not in any way disturb the criminal who is going to have access to such mailboxes as he can reach. I really do not think that argument outweighs the considerations of convenience and safety for the householder, consideration of enabling real savings to be passed through to certain consumers.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. (Mr. BELLMON). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the amendment of the junior Senator from New York. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) is necessarily absent.

I also announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The result was announced—yeas 25, nays 64, as follows:

[Rollcall Vote No. 523 Leg.]

YEAS—25

Bartlett	Goldwater	McClure
Beall	Hansen	Morgan
Biden	Hatfield	Nunn
Buckley	Helms	Packwood
Byrd, Harry F., Jr.	Hollings	Scott, William L.
Curtis	Javits	Stevenson
Dole	Laxalt	Stone
Fannin	Leahy	Tower
	Mathias	

NAYS—64

Abourezk	Griffin	Pastore
Allen	Hart, Gary	Pearson
Baker	Hart, Philip A.	Pell
Bayh	Hathaway	Percy
Bellmon	Hruska	Proxmire
Bentsen	Huddleston	Randolph
Brooke	Humphrey	Ribicoff
Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd, Robert C.	Johnston	Scott, Hugh
Cannon	Kennedy	Sparkman
Case	Long	Stafford
Chiles	Mansfield	Stennis
Church	McClellan	Stevens
Domenici	McGee	Symington
Durkin	McGovern	Taft
Eagleton	McIntyre	Talmadge
Eastland	Metcalf	Weicker
Fong	Montoya	Williams
Ford	Moss	Young
Glenn	Muskie	
Gravel	Nelson	

NOT VOTING—11

Brock	Garn	Mondale
Clark	Hartke	Thurmond
Cranston	Haskell	Tunney
Culver	Magnuson	

So Mr. BUCKLEY's amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

PRIVILEGE OF THE FLOOR—H.R. 14232

Mr. BAYH. I ask unanimous consent that Misses Kim Holmes, Mary Jane Checchi, and Barbara Dixon of my staff be granted access to the floor during the debate and vote on the H.R. 14232 conference report.

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

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on August 27 concerning the procurement of the Army XM-1 tank and also to consider House-passed legislation providing for malpractice protection for medical personnel of the Department of Defense and National Guard.

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

UNANIMOUS-CONSENT AGREEMENT—S. 2657

Mr. MANSFIELD. Mr. President, I am about to propound a unanimous-consent request involving Calendar No. 838, S. 2657, a bill to extend the Higher Education Act of 1965, and so forth.

Mr. President, I ask unanimous consent that when the bill is called up there be a time limitation of 4 hours on the bill, 1 hour on all amendments except the Buckley amendment on which there will be 1½ hours, and 30 minutes on second degree motions, appeals and so forth, and in the usual form.

Mr. JAVITS. If the Senator will yield, just to be sure about one thing, under the unanimous-consent request may tabling motions be made?

Mr. MANSFIELD. Yes.

Mr. JAVITS. Second, the Buckley amendment relates, as I understand it, to a procedural question which does involve substance, but it relates to a procedural question when money goes from HEW or under its authority to a school district.

Mr. MANSFIELD. The Senator knows more about it than I do.

Mr. JAVITS. I have asked about it. I just wanted the RECORD to show what the amendment is.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of S. 2657 (Order No. 838), a bill to extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes, debate on any amendment in the first degree (except an amendment to be offered by the Senator from New York (Mr. BUCKLEY), on which there shall be 90 minutes) shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any amendment in the second degree, debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the Majority and Minority Leaders, or their designees: *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

Mr. Moss obtained the floor.

Mr. MOSS. Mr. President, I yield to the Senator from Massachusetts for the purpose of a unanimous-consent request.

The PRESIDING OFFICER. The Senate is not in order. The Senator is entitled to be heard. Will Senators please take their seats and those who wish to converse retire to the cloakroom.

Mr. MOSS. I yield to the Senator from Massachusetts.

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE ACT OF 1976

Mr. KENNEDY. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 5546.

The PRESIDING OFFICER (Mr. BELLMON) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 5546) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. KENNEDY. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KENNEDY, Mr. WILLIAMS, Mr. NELSON, Mr. EAGLETON, Mr. CRANSTON, Mr. PELL, Mr. MONDALE, Mr. HATHAWAY, Mr. DURKIN, Mr. SCHWEIKER, Mr. JAVITS, Mr. BEALL, Mr. TAFT, Mr. STAFFORD, and Mr. LAXALT conferees on the part of the Senate.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

AMENDMENT NO. 2083

Mr. MOSS. Mr. President, I call up my amendment No. 2083 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. Moss) proposes amendment No. 2083:

At the appropriate place add the following new section:

SEC. 9. Section 3401(b)(1)(B) of title 39, United States Code, is amended by striking out "15 pounds" and "60 inches" and substituting in lieu thereof "70 pounds" and "100 inches", respectively.

Mr. MOSS. Mr. President, this amendment is a very simple one and I can quickly explain it.

Mr. President, in 1972, the Congress passed legislation (Public Law 92-469) which increased the weight and size limitations for parcel post packages eligible to be shipped by air on a space available basis—SAM—by U.S. servicemen and women from military installations abroad to the United States. The limits were increased from 15 pounds and 60 inches in girth to 70 pounds and 100 inches in girth. At that time the U.S. Postal Service felt that it could not accommodate similar service in both directions because of its limited airport facilities. Consequently, outbound parcels to our servicemen and women were limited to 15 pounds and 60 inches.

With the operation of the new bulk mail processing centers, the Postal Service has changed its position and now supports equalization of SAM parcel post weight and size standards.

The amendment I submit would have that and only that effect. It would raise the limits on outbound parcels to 70 pounds and 100 inches. This amendment would eliminate unnecessary confusion. It would provide military personnel a speedy and reliable method to ship larger packages at a substantial cost savings over regular air rates and at a considerable time savings over surface transportation. Most important, it would contribute to the morale of our forces abroad and their families here at home.

Simply stated, parcels going out of the country have to be a certain size and parcels coming back into the country have to be a different size. This would make the size uniform both ways. It would, of course, increase the size of those going out to 70 pounds and 100 inches in girth. That is the amendment, simply stated.

Mr. McGEE. Mr. President, we have talked to all of the participants downtown and elsewhere. I think the amendment would facilitate matters. Since there is merit in this, without introducing any new structural complications, we would be willing to accept this amendment and take it to conference.

Mr. MOSS. I thank the Senator from Wyoming. Simply a voice vote or without objection would be satisfactory.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

UP AMENDMENT NO. 368

Mr. DOMENICI. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 368.

On page 39, line 8, strike out the period and insert in lieu thereof the following: ", but the Commission shall consider the desirability and feasibility of allowing—

"(1) the carriage of mail by private express or carrier, and

"(2) a private carrier of mail to deposit any mailable matter in any letter box established, approved, or accepted by the Postal Service.

Mr. DOMENICI. Mr. President, the manager of the bill and the ranking Republican have seen this amendment. I do not intend to take long. I will briefly explain it and hope they will engage in a dialog with me which will insure that what I seek in this amendment will occur.

As Senators will remember, the first Helms amendment was a rather serious amendment because it would have changed the basic postal laws with reference to the permission to deliver first class mail through the private sector. There were good arguments against that amendment and it lost.

Senator BUCKLEY proposed an amendment which would expand upon what mailboxes, those open mailboxes, could be used for. All I have done in my amendment, Mr. President, is to take the basic bill and see to it that the blue ribbon commission that will work on this matter for us will study these two proposals, in particular the proposal with reference to the private sector delivering first-class mail.

In summary, I would insert in the bill a mandate that these two approaches that were discussed here by way of an amendment be thought through, that the blue ribbon commission not ignore them, and that it be part of their deliberations and report.

As I understand it, the committee would do this. I just want to be assured that in fact they will.

Mr. FONG. It is intended that the commission will look into this matter. We are willing to accept the amendment.

Mr. DOMENICI. I thank my good friend from Hawaii.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

UP AMENDMENT NO. 369

Mr. GRIFFIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. GRIFFIN) proposes an unprinted amendment No. 369.

On page 32, line 14, insert the following: strike the period at the end of the sentence and insert the following:

When such Commissioner has served at least two years.

Mr. GRIFFIN. Mr. President, this bill moves in the right direction by requiring Senate confirmation of the appointment of members of the Postal Rate Commission. However, there is a need for some degree of stability in the Commission's membership. We have had a rapid turnover of commissioners. In less than 6 years, 11 different individuals have served as commissioners and only two have completed a full term. This amendment promotes a small degree of stability while at the same time recognizing that Senate confirmation of appointees is desirable.

This amendment has been discussed with the managers of bill, and I understand there is no objection.

Mr. FONG. There is no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 370

Mr. HUMPHREY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. HUMPHREY) proposes an unprinted amendment No. 370:

On page 27, line 23, strike the words "on the date on which" and substitute in lieu thereof "120 days after";

On page 28, line 21, strike the words "on the date on which" and substitute in lieu thereof the words "120 days after".

Mr. HUMPHREY. Mr. President, the purpose of this amendment is to make sure that after the commission, which is authorized in this legislation, reports, that there will be sufficient time for whatever legislative action may be required as a result of the commission's recommendations and as a result of congressional deliberation and procedures.

Under the bill as it is written, then the commission has made its report, then the moratorium on all matters as outlined in the bill is over. In other words, new rate increases can go into effect, personnel changes can be made, et cetera. My amendment would simpy say that following the commission's report there ought to be time for the Congress to be able to review the work of the commission and to make its judgment based on that commission report and other information as to the direction that the Postal Service should take.

I have discussed this amendment with the chairman of the committee. I would like to have his observations. It may be that the amendment is not necessary. It may very well be that the committee has this in mind without the specificity of the language.

Mr. McGEE. I want to say to my friend from Minnesota that that is the case. In an attempt to crowd the five legs of this agreement to the same stature and same height so we could have an agreement, we backed into, in effect, a February 15 date. But, very candidly, the understanding was there would be no hanky-panky. The instant that date arrived, it would give the Congress a chance to work its will. That is the whole point of the thing. If we were to legislate that now, it would require going back and trying to get a new agreement on another time certain.

The Senator from Minnesota has the assurance of the chairman of the committee and the ranking minority member that there will be every intent and every effort to make sure that there is not some sudden explosion. There is no intent of that among those who are doing the conversing.

Mr. HUMPHREY. May I press my case a little further? It is my judgment that if the moratorium were to end at the time the commission report is made, it would place an impossible burden upon the Congress to be able to fashion any kind of remedial legislation.

Mr. McGEE. That is understood.

Mr. HUMPHREY. Therefore, it is my understanding from the chairman of the committee and the ranking member that when the commission reports there will be every effort made to get expeditious action.

Mr. McGEE. That is right.

Mr. HUMPHREY. But it does not mean that on day one or day two after the report the moratorium is over, is that correct?

Mr. McGEE. The agreement and the understanding among those who participated in putting it together is that there would be no explosion or rush into this. There would be a reasonable allowance for an expeditious movement in terms of the Congress reviewing the whole problem and making its recommendations.

Mr. HUMPHREY. In the instance of a rate increase, of course, there is always the delay procedure on that, is there not?

Mr. McGEE. That is correct. That would fall a good many days away, at the most extreme circumstance, under the existing law.

Mr. HUMPHREY. Under existing law it takes time for a rate increase to be implemented.

Mr. McGEE. That is correct.

Mr. HUMPHREY. So Congress would have the opportunity to take whatever action seemed advisable?

Mr. McGEE. That is correct.

Mr. HUMPHREY. The other matter, of course, is the matter of personnel—personnel cuts and personnel shifts. Does the Senator from Minnesota correctly understand that in the case of personnel as well, there will be no precipitate action?

Mr. McGEE. Services cut-backs, closings, that sort of thing, yes.

Mr. HUMPHREY. And, of course, the Randolph amendment gives us some additional protection with regard to the smaller post offices.

Mr. McGEE. That is already in. Yes, that is right.

Mr. HUMPHREY. I thank the Senator. Under those circumstances, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. RANDOLPH. Mr. President, who has the floor?

Mr. HUMPHREY. I have the floor.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. HUMPHREY. I yield to the Senator from West Virginia.

Mr. RANDOLPH. The Senator has discussed a very important matter, and the chairman of the committee, of course, has properly explained the situation with reference to time. The able Senator from Minnesota, of course, supported the amendment I offered yesterday.

Mr. HUMPHREY. Yes, I did indeed.

Mr. RANDOLPH. The amendment provides a procedure which must be followed by the Postal Service prior to the closing or consolidation of post offices.

I want the record once again to indicate that in my opinion—and I believe I am reasoned in this statement—we are developing a sound legislative package. I have joined in voting against amendments. But whatever is finally fashioned here, which will probably be in the form of the bill reported by the committee except for my amendment that was passed yesterday, I can see absolutely no reason why the President of the United States should veto the bill if that amendment is included. I ask the Senator from Minnesota if he believes there is a danger, with a bill of this kind, that the President would veto such a measure because it contains the procedure for decisions on closings beyond February 15.

Mr. HUMPHREY. Let me say most respectfully to my colleague and friend from West Virginia that I cannot speak with any certainty as to what the President would do, but the President, hopefully, will be a reasonable man. The Senator's amendment is a very reasonable and, I think, sensible amendment. The President is also aware of the fact that there is great concern in the country over the possibility of the closing down of essential postal services, particularly in the rural communities and the smaller towns.

The President is a candidate for reelection. I cannot imagine that he will want to deliberately go about the country insulting community after community by saying, "Take down the American flag from in front of your post office and close up the post office."

In the little village where I am privileged to live, called Waverly, Minn., we have 593 people, and the finest little building we have and the best place we have is our post office. The postmaster there is not just a postmaster, but an adviser on every conceivable thing: Civil Service, income tax, Farmers Home Administration, you name it.

Mr. RANDOLPH. He or she is a counselor and a confidant.

Mr. HUMPHREY. The postmaster is the Government of the United States in that community. If they do not want our community in the United States, then they ought to tell us. I have never believed in secession, but they ought to tell us. And I have said before that I insist that the Government of the United States provide services for our people, and I want to say again, as the author of the Rural Development Act, that I call upon the Postmaster General and the President of the United States to read that act. That act says there shall be governmental services in rural communities equal and commensurate with those supplied in urban communities. I say if you are going to close down my post office, then close down the post offices in Washington, D.C., New York, Philadelphia, and even Atlanta.

Mr. RANDOLPH. Or Plains. [Laughter]. Pardon me.

Mr. McGEE. Mr. President, will the Senator yield to me 1 minute on that point?

Mr. RANDOLPH. I yield.

Mr. McGEE. I want to pledge to him my cooperation in this effort. I think the message was very clear, and it is a very high level proposal; and as the fellow in charge for the moment at least, I want to say I will make every effort in that direction.

Mr. RANDOLPH. It is my sincere hope that we can keep my amendment to prevent the indiscriminate closings of post offices in smaller towns and rural areas during the Senate-House conference. We should fight for the amendment in conference.

In this regard, I am very appreciative of the statement by our able chairman (Mr. McGEE) on the support he will give when we meet with the House.

I entered this colloquy only to underscore what I thought was the reasoning behind the effort to give us a modus operandi where people will have an opportunity to speak and be heard in reference to possible closings of post offices. I thank the Senator from Minnesota and the chairman.

Mr. HUMPHREY. Mr. President, I am going to yield the floor and withdraw my amendment. I just want to say that in reference to the Hollings amendment, I thought the Senator from South Carolina made a brilliant case, but I understand the constraints under which we operate here, namely, that the Senator from Wyoming, in order to get any kind of a bill that might be passed and signed by the President, had to make some adjustments and some understandings. I did not want to see that effort disrupted, but I wanted the record clear that I do believe the President of the United States should appoint the Postmaster General, and he ought to be confirmed by the Senate of the United States.

I do believe there ought to be congressional oversight, and the postal budget should be a line item of the budget, and ought to go under the general operations of the Senate and House Budget Committees. That is my judgment, and I hope that will be the case when the new administration takes over in Washington come January 20, 1977.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ADDITIONAL STATEMENTS SUBMITTED

Mr. BAYH. Mr. President, today the Senate is considering H.R. 8603, legislation designed to provide temporary financial assistance to the Postal Service and allow time for Congress to find solutions to the numerous problems facing the Postal Service.

The bill has three major provisions. First, it provides a $500 million subsidy for fiscal year 1977 and another $500 million for fiscal year 1978. This gives the Postal Service much needed financial assistance enabling them to continue necessary services for our citizens. Second, the bill establishes a Study Commission to conduct an in depth study of the problems facing the Postal Service and make recommendations to Congress. This report is due by February 15, 1977.

Finally, for the duration of the study, there will be a moratorium on any cutback in services, such as ending Saturday deliveries and closing small rural post offices. In addition no rate increases will be permitted while the study is in progress.

The form of this bill was arrived at as a result of negotiations between the Senate and House Post Office and Civil Service Committees, the Postal Service, and the administration. The parties involved in these negotiations feel that this legislation will be signed by the President, thus saving the Postal Service from financial ruin.

Senator HOLLINGS offered an amendment containing several sweeping changes to the bill as reported—changes such as the confirmation by the Senate of the Postmaster and Deputy Postmaster General, congressional oversight of the Postal Service budget, and improvements in the ratemaking process.

While I opposed this amendment, in the interest of hopefully obtaining a veto-proof bill at this time, I would not want to rule out these suggestions for the future. It may well be that the Study Commission will recommend many of these alterations in the Postal Service and perhaps they will come up with additional alternatives. I think we should take the time to carefully study the current situation and evaluate our needs for future postal services before making any wholesale changes in the Postal Service. It is quite possible that changes made without due consideration may result in a worsening of our postal services.

It is, however, becoming increasingly clear that something needs to be done about the financial problems of the Postal Service. The establishment of the independent Postal Service in 1971 began with high hopes of financial solvency. The Kappell Commission, which recommended dissolving the old, Cabinet-level Post Office Department, projected an annual savings of at least $1.6 billion annually if the postal service was removed from political control. Even with this rosy projection, Congress provided a subsidy to cover public service costs. In spite of this subsidy the Postal Service has increased its deficit from $175 million in 1972 to a cumulative deficit of $1.6 billion through 1975 and the deficit is still climbing.

In order to combat the spiraling deficit the Postal Service has instituted a series of rate increases—first class postage rates have increased 117 percent, from 6 cents in 1971 to 13 cents in 1976. There is evidence that these increases have led to a decline in the volume of first-class mail in 1975, the first peacetime decline in usage since the 1930's Depression.

In addition, there seems to be a general perception by the American people that the increases in rates have resulted in worse rather than better mail delivery from the Postal Service. I have received hundreds of complaints in the past year from constituents who are tired of paying more for stamps and having slower deliveries.

It is my hope that H.R. 8603 will be enacted into law and that the Study Commission will conduct its investigation as expeditiously as possible. Congress can then take the necessary action to insure financial stability and a high level of service from the Postal Service.

This must be done soon. The mail is a valuable and necessary means of communication between our citizens and we must not let them continue to suffer increasing deterioration in the speed and efficiency of the delivery of mail.

Mr. EAGLETON. Mr. President, my office surveyed 500 randomly selected Missourians about various postal matters. Because the rural, small town, and urban makeup of Missouri is proportionately the same as that of the United States I thought that my colleagues in the Senate might be interested in the results of the poll.

The survey informed all of the people questioned that the average household in the United States pays approximately $200 each year for the postal services presently available. It was explained that this payment is made through stamp purchases, Federal taxes, and business stamp expenses passed on to the consumer. They were told that according to the Postal Service, inflation has created a situation where either the Postal Service will have to cut back some of the services presently available or the consuming household will have to pay more money next year.

The first question told the survey respondents:

If Saturday mail delivery is kept at today's levels around the country your household will have to pay an additional $4.50 each year. Do you want to pay the additional $4.50 and retain the present Saturday mail delivery schedule?

Forty-one percent of those surveyed answered that they would be willing to pay $4.50 each year if they could keep their Saturday mail delivery. Fifty-nine percent said they would rather forego Saturday mail delivery and not spend the additional $4.50.

The survey asked:

If mail is only delivered to a curb side mailbox wherever possible your household will not have to pay an additional $2.50 each year. Are you willing to pay the additional $2.50 so that those who presently receive door-to-door service can continue to do so?

The response to this question was nearly split down the middle. Fifty-two percent said that they are willing to pay an additional $2.50 so that those people that now receive door-to-door delivery can continue. Fifty-eight percent said they would not be willing to pay the additional amount.

The people in Missouri were told that—

The General Accounting Office claims that 12,000 rural post offices can be closed without reducing the basic service to rural postal patrons. The people living in small towns claim that it will make the postal service less convenient, reduce the towns identity, and will eliminate an enjoyable gathering place for the towns people. To keep them open will cost your household an additional $1.50 each year. Are you willing to pay the $1.50 and keep the 12,000 rural post offices open?

Seventy-seven percent of those questioned indicated that they were willing to pay the extra money so that rural post offices can stay open. Twenty-three percent said that they would not pay the additional $1.50 each year.

Those surveyed were told:

According to the postal service, if you are willing to receive mail delivery only three days a week your household will not have to pay an additional $15.00 each year. Do you want to pay the additional $15.00 each year and keep your present mail delivery frequency?

Sixty-two percent of those questioned indicated that they were willing to pay an additional $15.00 while 38 percent said that they were not.

The most common complaint expressed by those people surveyed concerning the Postal Service were: High stamp prices, inefficiency in the operation of the postal services, slow and inaccurate delivery, too much "junk mail," and damaged packages.

This country's postal policymakers will have to make some very difficult decisions concerning which of the postal services should be maintained at an additional cost to all of us and which can be curtailed without too much difficulty. It is my hope that the results of this survey will be of some help as we consider this issue.

Mr. McGOVERN. Mr. President, in the 6 years since the Postal Reorganization Act was signed into law, we have experienced a steady decline in the quality of postal service, accompanied by sharp increases in postal rates. If present trends are not reversed, service will almost certainly continue to deteriorate, rates are likely to go much higher, postal volume will decline further and deficits will remain with us.

Mismanagement has obviously had a good deal to do with bringing this disastrous situation upon us. Postal management has abandoned proven mail dispatch and delivery systems in favor of complex, expensive, and unreliable methods. Experienced postal managers have been encouraged to retire early and have been replaced by people with no experience whatever in moving the mail. Huge investments have been made in unworkable gimmickry—canceling machines which require the mail to pile up for as much as 24 hours to produce "uniform flow," other machines seemingly designed for the express purpose of eating packages and letters. As Ronald Kessler of the Washington Post pointed out in a scathing series of articles on the Postal Service—

. . . postal management has shown remarkable consistency. When faced with major decisions, it invariably chooses the wrong course.

Management personnel can be changed and foolish decisions can be reversed. But there is one crucial area, accountability, in which it seems to me necessary to change the law. I believe that Congress must take responsibility once again for insuring that service—not the illusion of profitability—is the prime objective of the USPS.

Although I can understand the complex concerns which led the Committee on Post Office and Civil Service to report what amounts to a stop-gap bill, I believe that Senator HOLLINGS is correct in moving to make the Postal Service accountable to the Congress once again. I do not favor restoring the old political post office. But I do believe that the postal bureaucracy must be required to come before the Congress to justify its operations and its budget. As things stand now, the taxpayer will inevitably inherit any deficit run up by the Postal Service in the end. But the Congress has little to say about setting postal priorities in practice and the public has no recourse in dealing with this classic example of an unrestrained bureaucracy.

Some may argue that if we bring Congress back into the postal business in any way at all, we shall inevitably have a system in which rates are frozen in perpetuity and in which redundant services will continue. I do not believe that this objection is valid, particularly now that the congressional budget process is working so effectively. A Congress operating within well-defined spending guidelines will need to be mightily persuaded to pour scarce resources into postal subsidies. In such circumstances, Congress will be under the strongest pressure to require the Postal Service to operate responsibly and the Postal Service will have every incentive to provide for the public needs.

Mr. President, I think that another study of the Postal Service may be useful with regard to improving operating efficiency and using resources more effectively. I do not, however, expect that any study, however competent, will solve the problem of accountability. In the end, Congress will have to make a decision about the degree to which it is necessary to oversee the postal operations. The issues seem to me quite clear at this time. I see no good reason to wait to take the necessary action.

Mr. GOLDWATER. Mr. President, as much as I recognize that postal service is becoming less of a public service, and as much as I would like to support a bill which is supposed to keep the Post Office running without service cuts or rate increases even for a temporary period, I cannot vote for the spending of another billion dollars out of the National Treasury unless we get immediately at the basic reasons for our Nation's postal troubles.

Unless we get at the fundamental problems that are causing the Postal Service to come running to us for more

money all the time, I am afraid that the American taxpayer will be asked to pump endless amounts of money into a bottomless well.

Now, I know that the study commission provided for in the bill is supposed to study without limitation all the problems facing the Postal Service. But I wonder if it will? And I must ask: "Don't we already have committees in Congress that are fully equipped to do this?"

Mr. President, I can remember all too well the last major commission that was set up to review the Post Office. This was the Kappell Commission which assured Congress that if we reorganized the old Post Office Department it would bring about improved service for all mail users at reduced cost. Well, as we know these "expert" views were wrong. In the words of Robert J. Myers, author of a recent book on the Post Office, all the American public has gotten from reorganization is "less for more—less service at much higher costs."

Now, we are being asked to repeat that mistake. "Let's set up another study commission," we are told. "Let's shuck the responsibility for making hard decisions ourselves and turn the matter over to a group of so-called experts, many of whom will have a vested interest in keeping things as they are."

Mr. President, we should do the job ourselves. And one of the first things we should examine is whether or not Congress made a mistake in 1971 by exempting postal employees from Government pay ceilings.

Mr. President, wages and benefits for employees account for 86 percent of operating costs of the Postal Service. If we are going to get at the source of the perennial deficits facing the Post Office, we must take a hard look at these expenses.

Just a month ago, Mr. President, the Library of Congress gave me a report saying that salary increases at the Postal Service have overrun all other Government wage increases by $5.4 billion. This is more than the total accumulated deficit of the Postal Service. It means that if postal employees were subject to the same wage ceilings as other Government workers are, the Postal Service would today show a surplus of $2.3 billion, and might be reducing postage rates, instead of increasing them all the time.

Mr. President, since 1971, when the postal reorganization law became effective, the average annual salary of postal employees has increased from $8,694 to $13,755. The actual, total compensation is $16,228 if benefits are included. In comparison, GS workers with the same salary of $8,694 in 1971 have had their salaries increased only to $11,191.

Mr. President, I do not want to give the impression that labor costs are the only matter we should be concerned with. Not by any means. In my opinion, Congress must root out unwise management decisions just as actively as it probes into labor questions.

Some issues we might examine are these: Is money being wasted for new buildings that will not be fully utilized due to the centralization of mail processing? Are bulk mail centers a billion dollar blunder? Is the consolidation of post office facilities resulting in poorer service to local communities? Can overtime costs be reduced by wiser management?

Another aspect of the Reform Act, which I believe demands reevaluation, is the requirement in law for appointment on the Postal Rate Commission of a public interest officer. For the information of the Senate, such an officer has been appointed in each rate case and has been given a completely independent staff of lawyers, accountants, economists, and clerical assistants. Yet, with all this staff, none of the officers has ever, to my knowledge, held any formal or informal hearings to learn what the public interest is. Nor have they solicited the views of the elected representatives of the people, whether local, State, or Federal.

Judging from some of the impractical proposals that these officers have made in proceedings before the Rate Commission, I believe that the positions they are taking would destroy the entire Postal Service. They appear blind to the fact that mail delivery is a public service.

For example, one of the public officers has been urging the Rate Commission to abolish second-class mail, which consists of newspapers and magazines. He actually recommends that a book, which has the same size and weight as a brick, should be charged the same rate as a brick. And he wants a magazine, which has the same physical characteristics as an advertising catalog, to be charged the same rate as a catalog.

Under this notion, no importance is given to the actual contents of the mail. A book or a magazine contains knowledge. It stimulates thinking. Yet to this officer, the printed word is worth no more than a brick.

Mr. President, I believe these subjects must be squarely faced up to by Congress before we spend another billion or more dollars to bail out the Postal Service from losses which may repeat themselves over and over again unless we correct the basic defects in the mail system.

We cannot have someone else do this job for us. We cannot simply study the matter.

We must act and act now, not later.

Mr. DOMENICI. Mr. President, it is abundantly clear that something must be done, and very soon, to rescue the U.S. Postal Service from its present course which has seen service cuts and rate increases in combination with staggering deficits. The congressional effort, initiated in 1971, to have a financially independent Postal Service has not been successful. Given the fundamental inconsistency between a break-even postal operation and the continuing substantial public service obligations we have expected the Postal Service to fulfill, it might never have succeeded. Be that as it may, difficulties have been compounded in recent years by rapidly increasing operational costs and dwindling volumes of mail. These have combined to produce a cumulative operating loss estimated to reach $4.5 billion by the end of fiscal year 1977. This has far more than erased the initial positive equity in 1971 of $1.7 billion.

It is also clear that we must find a way to make our postal system work. The existence of a truly effective postal delivery service is vital to the well being of the American people. Prompt and reliable mail service is a key link in the communications system which binds this Nation together. It is essential to the effective transmittal of information between individual citizens. It is essential also for our country's commerce and trade.

We have before us now two legislative alternatives designed to address this problem. On one hand, the Post Office Committee has reported out a bill, H.R. 8603, establishing a special blue ribbon committee charged with the responsibilities of examining all aspects of the Postal Service operation and recommending to the Congress at a very early date steps that might be taken to correct present inadequacies. This so-called compromise bill has the support of the administration and the leadership of the two relevant congressional committees.

On the other hand, we have a proposal quite similar to legislation passed by the House, which will immediately return direct budgetary and managerial control of the Postal Service to the Federal Government. Proponents of this second alternative contend that the positive gains made during 5 years of independent Postal Service operation would be maintained while, at the same time, Postal Service accountability to the American people would be restored.

I am prepared to support H.R. 8603 as reported by the Post Office Committee. It is premature to abandon the principle behind the Postal Service Reorganization Act of 1970, that of establishing an independent U.S. Postal Service capable of managing its own operation, without at least examining what might be done to correct the deficiencies that have become evident over the past 5 years. I believe this examination can best be carried out by the blue ribbon committee created by H.R. 8603. It may very well be that this committee will recommend increased subsidies and greater Postal Service accountability. It may also be, however, that the committee will develop realistic alternatives, applicable within the present legislative framework that will bring about substantial improvements in Postal Service operations.

I do not anticipate that the blue ribbon committee will be able to develop a panacea for all that ails the Postal Service. Indeed, I doubt if one exists. But I do expect the committee to come back to us with a realistic report on what is wrong with the Postal Service and what we can do to change it for the better. This study is not to be a whitewash; I want them to "tell it like it is."

Finally, let me say that if this committee will make the necessary hard and realistic recommendations, this Senator is prepared to make the difficult decisions needed to get Postal Service operations on a firm footing. I believe this is an obligation we all must accept if the present version of H.R. 8603 becomes law.

INSURING CONTINUED POSTAL SERVICE

Mr. GRIFFIN. Mr. President, I will support the bill reported by the Committee on Post Office and Civil Service. It is a sad and regrettable fact that the Postal Service faces a crippling operating deficit of nearly $3 billion. If the Congress fails to provide sufficient funds before the end of this session, the result may be further postal rate increases and service reductions. Such a situation, understandably, would be viewed as intolerable by the American public.

H.R. 8603 would authorize two appropriations of $500 million each to be applied against the Postal Service's accumulated debt. The moneys will not be used for operating subsidies. The first appropriation would be made September 30, 1976, and the second on September 30, 1977. In addition, the bill would establish a 12-member Commission on Postal Service to make recommendations to Congress by February 1977, on ways of best resolving the chronic operating difficulties which have plagued our national postal system.

During the period of the Commission's study, the bill mandates a moratorium on all rate increases and service reductions, including the closing of small post offices. Thus, the public is assured that no further rate increases or service cuts will occur until the Congress is provided an adequate opportunity to explore thoroughly all the alternatives for reform.,

Significantly, this legislation represents a compromise—reached after much discussion and negotiation—between the House and Senate committees with jurisdiction over our postal system and the administration. As such, it may very well be the only approach now under consideration which can be passed by the Senate, accepted in conference by the House, and signed into law by the President during this session of the Congress.

Many provisions of the substitute package offered by the Senator from South Carolina (Mr. HOLLINGS) are appealing and worthy of the Senate's close consideration. At this juncture, however, the adoption of substantive amendments would threaten the delicate compromise of interests so carefully worked out in the legislative process.

Thus, opposition to the substitute package should not be misconstrued as opposition to postal reform. There will be ample opportunity for a full hearing on the relative merits of various reform proposals advanced—including those of the Senator from South Carolina—after the study commission makes its recommendations in February.

While it is unfortunate that Congress has not been able to agree upon a genuine reform package this session, it must be recognized that we are confronted with a very urgent situation that demands a response now. It is essential that we allow postal services to continue at existing levels and rates while we attempt to work out the best approach to reform. I believe that the bill before us offers the best approach available for achieving that objective.

Mr. MATHIAS. Mr. President, as I look at the changes in the Postal Service since the Postal Reorganization Act of 1970, I find some signs of the improvement which Congress was looking for when it passed that bill.

Delivery performance of first class mail in overnight delivery areas has improved to the point where 95 percent of first class mail is reported to be delivered overnight. I sometimes feel discouraged that I am personally among the other 5 percent, but nothing is perfect.

The wages and working conditions of postal employees have been somewhat improved. With the signing of collective-bargaining agreements in 1975, increases in base pay averaging 4 percent per year over the next 3 years plus cost-of-living adjustments have been achieved for the men and women of the Postal Service.

And the previous taint of political appointments within the Service has abated.

I think it is important that we in the Congress as well as our Nation's citizens remind ourselves of the postal policy the Congress set forth in the Postal Reorganization Act of 1970:

(a) The U.S. Postal Service shall be operated as a basic and fundamental service provided to the people by the government of the United States, authorized by the Constitution, created by Act of Congress and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt reliable and efficient services to patrons in all areas and shall render postal services to all communities. . . .

(b) The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

We knew what we were saying when we in Congress stated that policy. We wanted to insure that "service" would be the foremost goal and that the geographically remote sections of our country would not be disadvantaged—left out of the mainstream of our national communication system—in order to achieve some operating efficiencies. There are some services, such as rural mail delivery, whose benefits far outweigh any "costs" which may be attributed to them.

The people want and need to know that someone cares about them. That someone cares about the mail which they entrust to the postal system each day and that the mail will be handled with the same concern as that of the person mailing it.

Of course all is not well with the Postal Service as we are all keenly aware. Volume is down, rates are up, complaints are up, and the threat of competition by private carriers is always hovering in the background.

The Senate Post Office and Civil Service Committee has been grappling with these issues and completed work on a Postal Reorganization Act amendments bill recently for full Senate action.

That bill, I believe, satisfies the immediate financial needs of the Postal Service for an operating subsidy of $1 billion for the period of October 1, 1976, through October 1, 1977.

It goes on to establish a 10-member Commission on the Postal Service. The Commission is charged with identifying the major service, cost, and funding problems of the Postal Service and making recommendations by February 15, 1977.

The bill limits reduction in service to insure that service remains the main goal. It also spells out criteria which must be met before rural post offices are closed. This will avoid indiscriminate closings while guaranteeing existing door-to-door or curbline delivery.

Here again, better service was the overriding concern of the committee.

And lastly, the bill places a temporary moratorium on rate increases until the Study Commission reports back to the Congress on the rate-making and cost-attribution procedures of the Postal Rate Commission.

This last issue of rate increases is perhaps the most publicly aired concern of citizens. It is a very difficult task which the Study Commission has before it—to provide guidance to the Postal Rate Commission in determining costs, attributing them to the various classes of mail, and setting a reasonable time for final rate determinations.

One particular area which I believe the Postal Service should devote more effort to is that of public information. The Postal Service should let the public know about its mail handling procedures. its bulk mail centers, and the highlights of its operating costs. This information will contribute to a better understanding of postal services and the ways in which citizens can insure that their parcels or letters are properly packaged, addressed, and ultimately delivered. It is my belief that if the general public has a better understanding of the way the Postal Service operates, citizens will have fewer complaints, and will be better equipped to mail their parcels and letter. This should lead to greater satisfaction with the Postal Service and reduce complaints.

The end result of such a public information effort would be better public service by the USPS for their customers—the American citizen.

Mr. PACKWOOD. Mr. President, Oregon and a number of other States have been faced with the closure of numerous small post offices. I believe that small post offices serve a necessary social function. They are a hub of small communities, and are often the only Federal agency in town to give needed information on taxes, social security, civil service, and other public service materials. These rural post offices are necessary services.

As we all know, the post office is facing massive deficits. I have suggested that as an alternative to closing small post offices the Postal Service should study the effects of going from 6- to 5-day delivery.

Because I have had the personal assurance of Senator MCGEE, the distinguished chairman of the Senate Post

Office and Civil Service Committee, that the Commission created under his bill would look into the cost savings and other effects of 5-day delivery, I will not offer the amendment I had prepared. My amendment would have directed the new blue-ribbon Commission to study the feasibility of providing regular delivery service to any mailing address on not more than 5 days in any one week. But the chairman assures me that the mandate of the Commission is sufficiently broad to include this study.

I have been tremendously impressed by the estimated savings in just the State of Oregon. The Portland postal district, which includes virtually all of Oregon, estimates that 5-day delivery would save about $6 million per year. Currently the Portland postal district operates with an annual deficit of about $5 million. Five-day delivery would result in an estimated net savings of about $1 million per year, and this is just in the State of Oregon.

Particularly in relation to closing small, rural post offices, the best solution to the rising postal deficits may rest with 5-day delivery. I would hope that the Commission thoroughly studies the question of 5-day delivery and reports its findings at the soonest possible time.

Mr. WILLIAM L. SCOTT. Mr. President, I spoke briefly yesterday and oppose this bill for a number of reasons. One is that the 1970 act setting up the Postal Service has not accomplished the purposes the proponents felt that it would. Even though the Postal Reorganization Act of 1970 creating this quasi-independent Government agency provided for various subsidies, the bill before us would add an additional billion dollars over a period of 2 years and undoubtedly result in still further subsidies in the years to come.

Therefore, the desirability of studying the operation of the Postal Service is readily apparent. Rather than creating a new commission, however, to make the study, it would appear that appropriate committees of the Congress could readily perform this function.

While none of us want to see any additional increases in postal rates, one of the major bargaining points when the Postal Service was created was that it would be self-sustaining. To accomplish this the costs of operation must be decreased or postal rates must be increased. Yet this bill would tend to meet the financial gap by more subsidies.

When the measure creating the Postal Service was considered in the House of Representatives in 1970, then Congressman H. R. Gross of Iowa, and I, joined in submitting minority views. Mr. President, I ask unanimous consent that these views commencing at page 252 of the "Explanation of the Postal Reorganization Act," revised in July of this year, as well as my supplemental views beginning at page 257 of the same committee report be printed in the RECORD.

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

MINORITY VIEWS OF HON. H. R. GROSS AND HON. WILLIAM L. SCOTT ON H.R. 17070

This legislation, H.R. 17070, reported by a bare majority of the committee, proposes a cure for the problems of the postal service which in the final analysis is worse than the conditions it seeks to remedy.

Change, for the mere sake of change, is dangerous legislative policy. It is absolute misrepresentation to try to fool the American public into thinking that the creation of an "independent establishment" with corporate powers will in itself result in increased efficiency, greater economies, and better service to them.

The basic philosophy behind this legislation is that changing the organization of the Post Office Department will, by itself, provide better postal service to the American people. It is seriously doubtful that such will be the case. The only thing we can reasonably predict is that after this legislation is enacted, postal rates will go up and postal service to the public will be drastically reduced.

RESPONSIBLE TO WHOM?

One of the core issues in postal reform is to whom should the operating head of the postal service be responsible? Under this legislation, the management of the postal service will be insulated from both the public and their representatives in Congress by a nine member politically appointed commission.

Under the terms of the bill, if the claim has any validity that politics will be removed from the postal service, the way is certainly open for personal patronage and cronyism to be substituted.

SERVICE TO THE POSTAL PATRON

If the legislation supported by the majority of the committee is finally enacted, the postal service, as we know it today, will cease to exist. It has been learned that a so-called "5-year plan" is now circulating at Postal Headquarters to be implemented as soon as this legislation is enacted. The plan would eliminate all Saturday delivery service and window service, consolidate existing postal facilities, curtail mail delivery service to colleges and universities, curtail parcel post service, reduce clerical hours, discontinue air taxi service, discontinue airlift first-class mail, and many other services as we now know them.

The question might be asked as to why the postal service has not taken such action prior to this time. The answer is simple—Congress would never permit such a curtailment of postal service to the American public. It will be through this legislation, creating an agency unresponsive to Congress that the postal service will be curtailed and postal rates drastically increased in obedience to a blind "break-even" obsession.

PUBLIC SERVICE

The public service concept of the postal service in the present law has been painstakingly developed by Congress over a period of many years. It provides essential recognition of the public service role of the Post Office Department and assists in keeping postal rates for the public at a reasonable level.

The committee bill is contradictory. First, it recognizes the validity of a public service allowance by starting out with an adequate figure. Then it proceeds to scale down the total allowance over a period of years ending with a low figure produced by a new and unrealistic formula. The new formula, for example, totally wipes out any public service allowance for the deficit incurred in providing the rural areas of America with adequate postal service.

LABOR-MANAGEMENT RELATIONS

The committee report completely sidesteps the critical issue that is created by the labor-management provisions of this bill. It will, if enacted, destroy long-standing personnel policies in the Federal government. For example, the policies enunciated by Presidents Kennedy, Johnson, and Nixon of the right of all Federal employees to join or to refrain from joining a labor organization are not contained in this legislation.

In a drastic departure from established Federal personnel policies, this legislation removes postal workers from competitive civil service and brings the Postal Service and its employees under the coverage of the Labor Management Relations Act of 1947. This act permits a union and employer to make an agreement requiring all employees to join the union in order to retain their jobs.

Never before in our history has an individual been faced with the requirement of having to join a labor organization if he wished to work for the Federal Government. Once established in the Postal Service, the consequences of this policy throughout the Federal service ought to be apparent to all.

Over the years, by law, and by administrative and judicial actions, all barriers—race, religion, age, sex, ideological beliefs, etc.—have been removed between an American citizen and the privilege of working for his government, but this bill paves the way for union membership as a rigid condition of Federal employment.

If there is any doubt that we are faced with the prospect of a union shop policy for all Federal employees, then here is what George Meany, president of the AFL–CIO had to say in testifying in favor of this bill:

"We in the AFL–CIO hope to be back before this committee in the very near future, urging adoption of a measure that will insure genuine collective bargaining for all aspects of employment for all civilian workers of the Federal Government. We think this bill is only a beginning.

"As we see it, the Congress is today paving the way for a new day in Federal employer-employee relationship."

COLLECTION OF UNION ASSESSMENTS

One of the interesting features that came out of the so-called postal strike negotiations is the language in section 226 of chapter 2 governing the collection of union dues. This "dues checkoff" procedure under both the Labor Management Relations Act and under Executive Order 11491 on Federal employee-management relations is limited to the collection of "regular and periodic dues." Under H.R. 17070, however, the Postal Service will collect not only regular dues, but will collect from the pay of the employees, "regular and periodic" union assessments and initiation fees as well. Even in private industry, labor organizations are not given such a guarantee.

POSTMASTERS

The omissions of this bill are as significant as its commissions. For example, you can look in vain for any language in this legislation which, under the new Postal Service, governs the appointment, qualifications, or residency of postmasters as such. Whether or not the office of postmaster will continue to exist is debatable. If the proponents of this bill wish to install a system of rotating "office managers," then they should tell us so in so many words.

UNACCEPTABLE IN THIS FORM

For these and a multiplicity of other reasons this legislation is unacceptable in its present form. Foremost is the new personnel policy established which is diametrically opposed to the history of our competitive civil service and it is reason enough to reject the committee bill, H.R. 17070.

H. R. GROSS,
WILLIAM L. SCOTT.

SUPPLEMENTAL VIEWS OF CONGRESSMAN WILLIAM L. SCOTT ON H.R. 17070

While I have joined with my colleague, H. R. Gross, in minority views, I would like to add these supplemental comments.

My primary objections to the bill, H.R. 17070, as reported by the committee are:

(1) The almost unlimited control given the

Postal Service over salaries, conditions of employment, postal rates and expenditures of funds without any responsible control over the Service either by the President or the Congress. In my opinion, all Government officials should be ultimately responsible to the elected representatives of the citizens.

(2) The probability that all postal workers will have to belong to a union in order to retain their Government positions. Compulsory unionism for public workers seems untenable and while it may be argued that section 14(b) of the Taft-Hartley Act would apply to employees of the Postal Service, yet the National Right To Work Committee advises that there are a number of suits questioning the validity of right-to-work laws insofar as they relate to Federal employees or persons employed on Federal property.

(3) Removal of more than 730,000 postal employees, or roughly one-quarter of all Federal civil service workers, from the provisions of the competitive civil service merit system. In my opinion, the appointment and promotion of Federal employees through the civil service laws and regulations is in the interest of both the employees and the Government.

When the committee reported H.R. 4 earlier this year, which was another version of the administration's postal reform legislation, I requested the Comptroller General of the United States and the Chairman of the Civil Service Commission to review the legislation from the point of view of employees' rights and benefits. There is no difference, in this respect, between H.R. 4, as reported, and H.R. 17070, as reported, other than a minor variation that has to do with workmen's compensation. The letters set forth below, therefore, are applicable to the language contained in H.R. 17070.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., March 31, 1970.

Hon. WILLIAM L. SCOTT,
House of Representatives.

DEAR MR. SCOTT: This refers to your letter of March 13, 1970, transmitting for our consideration a copy of the postal reform bill which was reported out of the Committee on Post Office, and Civil Service, House of Representatives, on March 6, 1970. Specifically, you request information regarding the extent to which the rights and benefits of present postal employees would be altered by the provisions of such bill if enacted into law.

Initially, we point out that section 209 of title 39, United States Code, as proposed by section 102 of the bill provides, inter alia, that no Federal law dealing with officers and employees of the United States shall apply to the exercise of the powers of the United States Postal Service Authority except as otherwise provided in title 39 and except insofar as such laws remain in force as bylaws or regulations of the authority.

Subsection 801(a) of the proposed title 39 provides that the officers and employees of the United States Postal Service Authority shall be in the postal career service, which shall be a part of the civil service, and that appointments and promotions shall be in accordance with procedures established by the Authority. We believe the intent of subsection 801(a) is to remove postal employees from the competitive service. In the competitive service appointments and promotions are based upon merit and fitness as determined by examinations. See U.S.C. 3304 and 3361. However, as stated, subsection 801(a) provides that appointments and promotions shall be in accordance with procedures established by the Authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service. Moreover, bearing in mind the language of section 209, as discussed above, we note that the provisions of title 5, United States Code, pertaining to the competitive service, are not specifically made applicable to employees of the Authority.

Subsection 801(a) further provides that the provisions of chapter 75 of title 5 shall be applicable to employees of the Authority subject to the provisions of any collective bargaining agreements and subject to procedures established by the Postal Service (the Authority) and approved by the Civil Service Commission. Chapter 75 of title 5 encompasses provisions derived from the Lloyd-LaFollette Act of 1912 prohibiting removal of individuals in the competitive service except for cause, provisions relating to actions adverse to preference eligibles, provisions relating to removal of hearing examiners, and provisions relating to suspension and removal of employees for reasons related to the national security. Subsection 801(c) of the proposed title 39 specifically adopts the veterans preference provisions of chapter 75 and subsection 1251(b) adopts the hearing examiner provisions. Therefore, we assume that only those provisions of chapter 75 that are derived from the Lloyd-LaFollette Act prohibiting removals except for cause (section 7501) and those concerning national security (sections 7531 and 7532) are subject to collective bargaining agreements and procedures established by the Authority as provided in subsection 801(a).

With the exception of the provisions of title 5 which were formerly known as the Veterans Preference Act and of retirement benefits, which would continue to be provided under the civil service retirement program (chapter 83 of 5 U.S.C.), all compensation, benefits and other terms and conditions of employment would be determined by the Executive Council of the United States Postal Service Authority through collective bargaining in accordance with section 806. No change in those rights occur until affirmative action is taken by the Authority. It is not possible to determine the extent to which benefits such as leave, travel, training, back pay, etc., would be affected by the bill.

With respect to unemployment compensation, compensation for injuries and death, life and health insurance, subsection 803(c) provides that the present statutory provisions governing such benefits shall apply to employees of the Authority unless varied, added to, or substituted for pursuant to that subsection. However, the subsection provides that no variation in fringe benefits shall result in a program which, on the whole, is less favorable to the employees than that in effect on the date the Authority commences operation. Although the bill provides for employee protection through collective bargaining agreements and sets forth procedures for the settlement of disputes, we note that it does not contain any minimum requirements for compensation such as for fringe benefits but, rather, provides only for comparability with the non-Federal sector. See section 805 of title 39 as proposed.

Under subsection 803(d) any employee of the Post Office Department on the effective date of that section would be eligible to transfer to any position within the Government which is open and for which he is qualfied. The subsecton places no time limit on such transfers. Compare subsection 803(d) of H.R. 11750, 91st Congress, which provides for a one-year period on trasfer eligibility.

In summary, it appears that very few of the statutory provisions presently applicable to postal employees would continue to be mandatorily applicable to them under the bill in question. Generally, however, the provisions of the bill are designed to afford postal employees benefits and protections no less than they presently enjoy.

Sincerely yours,

R. F. KELLER,
Assistant Comptroller General of the United States.

APRIL 17, 1970.

Hon. WILLIAM L. SCOTT,
House of Representatives,
Washington, D.C.

DEAR BILL: We received the House committee print on postal reform which you sent us. In line with your request, we focused on the effect the proposed bill would have on the status of career service employees and what changes would take place in the rights and protections they now have in the event the bill is enacted into law.

Employees of the Post Office Department, with the exception of the nine presidential appointees at headquarters, would automatically become employees of the new Postal Service Authority. Any of these employees serving under a career or career-conditional appointment, as well as any other employee with the same kind of appointment who moves to the Authority later on, would retain his eligibility to return to the competitive service in any position for which he qualifies and for which an agency wishes to hire him.

With respect to changes in the rights and protections afforded employees, nonveterans who now have a right to appeal to the Civil Service Commission in an adverse action would no longer have that right. The Authority is required, however, subject to collective bargaining agreements, to establish procedures which would assure its employees of an opportunity to be heard before adverse actions are taken against them.

Additionally, employees of the Authority may have lesser reemployment rights than other Federal employees on returning from military service. The new section 801(c) provides that insofar as reemployment rights after military service are concerned, employees of the Authority shall be entitled to them to the same extent and in the same manner as employees in the private sector. This means that if circumstances in the Postal Service change to such an extent that it is considered impossible or unreasonable for the Authority to reemploy a veteran, he would not come under the provision of law that lets the Civil Service Commission direct placement in another Federal agency. Further, the postal employee would no longer be entitled to the benefits of the Commission's regulations under the Military Selective Service Act of 1967 (including the right to be considered for promotion in absentia and the right of appeal to the Commission when an employee claims improper restoration).

It should be noted that there are some questions about the rights of veterans in adverse actions that would have to be resolved if the proposed legislation is enacted in its present form. On the one hand, the new section 801(c) provides that the provisions of title 5 formerly known as the Veterans' Preference Act shall apply to the Postal Service. On the other hand, the new section 801(b) provides that the Authority has the right, consistent with the Labor-Management Relations Act of 1947, as amended, and chapter 11 of title 29, United States Code (the Labor Management Reporting and Disclosure Act of 1959), and consistent with applicable laws, regulations, and collective-bargaining agreements to suspend, demote, discharge, or take other disciplinary action against employees.

The reason a question arises is that section 14 of the former Veterans' Preference Act not only prescribed the procedures to be followed in adverse actions (now chapter 75 of title 5) but also provided that an agency may take adverse action against a preference eligible only after appropriate notice for such cause as will promote the efficiency of the service. Section 14 also provided for appeal to the Civil Service Commission (now chapter 77 of title 5).

Similar questions would have to be resolved in the matter of releasing employees when reductions in work force occur. Under

section 12 of the former Veterans' Preference Act (now subchapter I of chapter 35 of title 5), the method of releasing employees in a reduction in force is established by the terms of the act and the Commission's regulations issued thereunder. But this is another area that would appear to be subject to collective bargaining agreement under the proposed legislation.

I hope the information provided will be useful to you.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman, U.S. Civil Service Commission.

In my opinion this measure should either be recommitted to the Post Office and Civil Service Committee to be revised in the aforesaid manner or be defeated.

WILLIAM L. SCOTT.

Mr. WILLIAM L. SCOTT. Mr. President, I believe that a careful study, whether conducted by congressional committees or a specially created commission, will find many defects in the present operation of the Postal Service, and it seems to me that it is time for us to return legislative oversight to the Congress and administrative responsibility for the operation of the post office to the executive branch of the Government.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

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

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK), the Senator from Washington (Mr. MAGNUSON), the Senator from California (Mr. TUNNEY), and the Senator from Iowa (Mr. CULVER) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Kansas (Mr. DOLE) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Utah (Mr. GARN) and the Senator from South Carolina (Mr. THURMOND) would each vote "yea."

The result was announced—yeas 79, nays 9, as follows:

[Rollcall Vote No. 524 Leg.]

YEAS—79

Allen	Gravel	Nelson
Baker	Griffin	Nunn
Bartlett	Hansen	Packwood
Bayh	Hart, Gary	Pastore
Beall	Hart, Philip A.	Pearson
Bellmon	Hatfield	Pell
Bentsen	Hathaway	Percy
Biden	Hruska	Proxmire
Brooke	Huddleston	Randolph
Buckley	Humphrey	Ribicoff
Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd, Harry F., Jr.	Javits	Scott, Hugh
Byrd, Robert C.	Johnston	Sparkman
Cannon	Kennedy	Stafford
Case	Leahy	Stennis
Chiles	Long	Stevens
Church	Mathias	Stevenson
Curtis	McClellan	Stone
Domenici	McGee	Symington
Durkin	McGovern	Taft
Eagleton	McIntyre	Talmadge
Eastland	Metcalf	Tower
Fong	Montoya	Weicker
Ford	Morgan	Williams
Glenn	Moss	Young
	Muskie	

NAYS—9

Abourezk	Hollings	Scott, William L.
Fannin	Laxalt	
Goldwater	Mansfield	
Helms	McClure	

NOT VOTING—12

Brock	Dole	Magnuson
Clark	Garn	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney

So the bill (H.R. 8603), as amended, was passed.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the amendments to the bill.

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

Mr. McGEE. Mr. President, I move that the Senate insist upon its amendments to the bill, request a conference with the House of Representatives thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. McGEE, Mr. RANDOLPH, Mr. BURDICK, Mr. FONG, and Mr. STEVENS conferees on the part of the Senate.

CHILD DAY CARE SOCIAL SERVICES UNDER TITLE XX OF THE SOCIAL SECURITY ACT—CONFERENCE REPORT

The Senate continued with the consideration of the conference report on the bill (H.R. 12455) to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV-A and VI of the Social Security Act, may continue to receive services under title XX of that act without individual determinations.

Mr. LONG. Mr. President, as I understand the parliamentary situation, the first vote will be a procedural vote on the conference report, and then we will have a rollcall vote on the House amendment to the Senate amendment.

The PRESIDING OFFICER (Mr. DURKIN). Since the conference report is a disagreement, the Senator is correct.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BEALL. I should like to ask the Senator to clarify something.

Mr. LONG. The first vote should be a voice vote, clearing the way for the second vote, a rollcall vote on concurring to the House amendment to the Senate amendment.

Mr. BEALL. Before proceeding to vote, I wanted to engage in colloquy with the Senator on another matter. Will the Senator yield to me?

Mr. LONG. I yield.

Mr. BEALL. Mr. President, as the ranking minority member of the Labor and Public Welfare Committee's Subcommittee on Aging, I am pleased that the conference report on H.R. 12455 addresses itself to our efforts to limit the use of individual means tests for social services to the elderly. The Subcommittee on Aging has responsibility for the Older Americans Act and other legislation designed to improve the quality of life for senior citizens. Most of the programs authorized by our subcommittee do not require means tests of the individual participants. We have specifically avoided making these "poverty" programs or giving them a "welfare" orientation. Income alone is not a good measure of the social and nutritional service needs of the elderly.

On July 22, 1975, I joined in cosponsoring S. 2157 which would allow the States to substitute group eligibility for individual means tests in the delivery of social services to the elderly. I am personally convinced that the elderly will not abuse these services and I do not believe that the Congress intended to exclude senior citizens who are currently participating in social and nutritional programs.

The conferees on H.R. 12455 agreed to an amendment that would ". . . on a permanent basis, permit States to determine eligibility for social services on a group basis. The group would have to be such that the State can reasonably conclude that substantially all members of the group have incomes below 90 percent of State median income." The key words in this compromise are "substantially all." If the regulation writers at HEW choose to interpret that language narrowly, they could literally require the States to impose a form of means testing in order to insure compliance with this group eligibility provision.

Mr. President, if HEW, by regulation, sets high rigid-fixed percentage targets for this provision they will defeat the objective of group eligibility and exclude needy senior citizens from participating in vital social services. Spot checks would indicate that approximately 70 percent of

the participants in the title VII nutrition program, which does not involve a means test, are low income individuals. I do not believe that we need worry about serious abuse by the elderly in this type of social services program. We do have to be concerned that rigid means testing increases Administrative costs, discourages participation, complicates the integration of title XX programs with other Federal and State programs, and degrades the proud senior citizens who have built 20th century America.

I believe that HEW regulations should not seek to define "substantially all" but instead allow maximum latitude to the States in establishing and enforcing these standards.

I have recently received a copy of the mailgram from Dr. Matthew Tayback, director of the Maryland Office on Aging, to Senator LONG regarding this provision, and I ask unanimous consent that it be printed in the RECORD.

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

BALTIMORE, MD.

Hon. J. GLENN BEALL, Jr.,
Senate Office Building,
Washington, D.C.

This is a copy message sent to Honorable RUSSELL B. LONG:

In considering H.R. 12455 we urge that the Senate Finance Committee clarify the definition of "Substantially all" so as to give maximum flexibility to States in determining eligibility for services through title XX of the Social Security Act.

MATTHEW TAYBACK, Sc. D.,
Maryland State Director on Aging.

Mr. BEALL. Mr. President, I think it would be very helpful, in establishing congressional intent, if the distinguished chairman of the Senate Finance Committee would clarify the meaning of "substantially all."

Mr. LONG. Mr. President, the conferees adopted language permitting group eligibility for social services when a State determines that "substantially all" members of a group have incomes below 90 percent of the State median income. I believe the conferees used this language precisely because they did not think it appropriate to set a specific percentage of the group who must be below 90 percent of State median income. I hope the Department will not attempt to establish some such firm dividing line in regulations or other administrative issuances. This bill is intended to increase flexibility and eliminate redtape, and I hope it will be accepted as such. Whether a given group meets the requirements is a matter for each State to determine by applying reasonable judgment in all good faith to each situation on a case-by-case basis.

Mr. BEALL. I thank the Senator from Louisiana for that clarification. I think that does indeed give the kind of flexibility that States feel is needed in order to make sure that the largest number of people are eligible to participate in this program.

The PRESIDING OFFICER (Mr. GARY HART). Who yields time?

Mr. LONG. Mr. President, as I understand it, the first question is procedural rather than substantive, to agree to the conference report. It is the second question that ought to be decided by a rollcall vote.

I ask unanimous consent that we have the first vote by voice vote. Then I would like to suggest the yeas and nays on the vote to concur in the House amendment to the Senate amendment.

The PRESIDING OFFICER. Does the Senator from Louisiana want the question put on the conference report at this point?

Mr. LONG. Yes, just as a voice vote. Then I would suggest that a division of time occur on the House amendment to the Senate amendment.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. LONG. Mr. President, I ask for the yeas and nays on the motion that the Senate concur in the House amendment to the Senate amendment.

The PRESIDING OFFICER. Is the Senator making a motion?

Mr. LONG. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. The new social services law which became effective on October 1, 1976, was intended to improve the program and to give the States the necessary flexibility to provide services in the way in which the needs of their citizens could best be met. In practice, many States found that the Federal eligibility rules in the new statute were overly restrictive and that the child care requirements would have substantially increased their costs so that, without additional funding, cutbacks in services would be required.

The conferees on the bill H.R. 12455 have reached an agreement which resolves these problems. While the House conferees were again unwilling to accept the Senate approach to social services eligibility which would leave the States free to set eligibility requirements, agreement was reached on a procedure which will permit States to determine eligibility on a group basis rather than by mandating eligibility determinations to be made for each individual to be served.

With respect to child care, the House accepted the Senate provisions suspending preschool staffing standards until October 1, 1977, providing certain waivers, and extending and improving the incentives for hiring welfare recipients in child care jobs. I believe that this bill meets the principal objections that the President voiced when he vetoed a previous bill involving this subject.

The conference agreement also provides an additional $240 million in Federal child care funding between now and September 30, 1977, as compared with $375 million in the Senate bill. $200 million of this would be provided in fiscal year 1977 without a State matching funds requirement.

I ask unanimous consent that a more detailed summary of the provisions of the conference agreement be printed at this point.

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

DESCRIPTION OF CONFERENCE ACTION

Eligibility for social services.—The House bill would have permitted States now determining eligibility on a group rather than individual basis to continue this procedure until October 1, 1976. The Senate bill would have repealed all Federal eligibility requirements. The amendment agreed to by the conferees would, on a permanent basis, permit States to determine eligibility for social services on a group basis. The group would have to be such that the State can reasonably conclude that substantially all members of the group have incomes below 90 percent of State median income. Except for children of migrant workers, however, eligibility for child day care services would have to continue to be determined on an individual basis. Under the amendment, there would be no Federal eligibility requirements for family planning services.

Deferral of child care standards.—Federal staffing standards for child day care serving children aged 6 weeks to 6 years were suspended from October 1, 1975, to February 1, 1976, under prior legislation. The amendment approved by the conferees would extend this suspension retroactive to February 1, 1976, and forward to October 1, 1977. (State law requirements would have to be met, and standards could not be lowered from September 1975 levels.)

Increased social services funding for child care.—Through September 30, 1977, the conference amendment increases the existing $2.5 billion limit on social services by $40 million for the July-September 1976 quarter and by $200 million for fiscal year 1977. The additional funding cannot exceed the Federal funding due a State for child care expenditures. The additional funds would be allocated among the States on a population basis (as is the $2.5 billion available under current law).

Emphasis on employing welfare recipients.—Requires States, to the extent they determine feasible, to use the added Federal funding in a way which increases employment of welfare recipients and other low-income persons in child care jobs.

State grants to aid employment of welfare recipients.—Permits States, without regard to usual title XX requirements, to use the added Federal funding under the bill to make grants to child care providers to cover the cost of employing welfare recipients. These grants would be limited to $4,000 per year per employee in the case of proprietary providers thus providing (in conjunction with the tax credit under section (4)) full Federal funding of employment costs up to $5,000. (For public and nonprofit providers, which are ineligible for tax credits, the limit on grants under this section would be $5,000.) Grants could be made under this authority only if at least 20 percent of the children served by the child care provider have their care paid for through the title XX program.

Increased matching for child care.—Increases the Federal matching rate for child care expenditures from 75 percent to 100 percent. The increased rate would apply only to the additional amount of Federal funding provided under the amendment for fiscal year 1977.

Expiration of welfare recipient tax credit.—The present law provision granting a tax credit equal to 20 percent of wages to employers who hire persons who receive Aid to Families with Dependent Children is scheduled to expire June 30, 1976. The conferees agreed to continue this provision in effect, in the case of child care employers only, through September 30, 1977. This section would also limit the tax credit, in the case of child care jobs, to a maximum of $1,000 per employee per year.

Waiver provisions and modification of family day care requirements.—The amendment agreed to by the conferees permits State welfare agencies to waive the Federal staffing

requirements in the case of child care centers and group day care homes which meet State standards if the children receiving federally funded care represent no more than 20 percent of the total number of children served (or, in the case of a center, there are no more than 5 such children), provided that it is infeasible to place the children in a facility which does meet the Federal requirements. The section would also modify the limitations on the number of children who may be cared for in a family day care home by providing that the family day care mother's own children not be counted unless they are under age 6. This change would apply retroactive to October 1, 1975. This entire section would be inapplicable after September 30, 1977.

Addicts and alcoholics.—The conferees agreed to extend through September 30, 1977, certain modifications provided under P.L. 94–120 governing funding of services for addicts and alcoholics. The provisions, which expired January 31, 1976, require that special confidentiality requirements of the comprehensive Alcohol Abuse Act be observed with regard to addicts and alcoholics, clarify that the entire rehabilitative process must be considered in determining whether medical services provided to addicts and alcoholics can be funded as an integral part of a State social services program, and provide for funding of a 7-day detoxification period even though social services funding is generally not available to persons in institutions.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. Is this question—the distinguished Senator from Louisiana says that the amendment provides for an additional $240 million, and second, that it waives the enforcement of the Federal standards as to staffing. The question I ask is: Is the issue the business? If so, I would like a division of the question.

The PRESIDING OFFICER. The Senator from Louisiana has not moved to divide the issue. It is simply a motion to concur.

The motion is to concur in the House amendment to the Senate amendment to the House bill and it is not divisible.

Mr. ALLEN. A further parliamentary inquiry, then. An amendment would take priority, would it not, over a motion to agree?

The PRESIDING OFFICER. The Senator is correct.

Mr. ALLEN. I therefore suggest the absence of a quorum in order that I might prepare an amendment.

The PRESIDING OFFICER. On whose time?

Mr. ALLEN. I shall wait until the time is up to make that suggestion if the time is limited.

Mr. BARTLETT. Mr. President, do I have time on this amendment?

The PRESIDING OFFICER. The Senator has 15 minutes.

Mr. BARTLETT. Mr. President, I advise the Senator from Alabama that I would like to speak on this and perhaps he can prepare his amendment while I am speaking.

Mr. ALLEN. Very well.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Ed King of my staff be accorded the privilege of the floor during debate and consideration of this proposal.

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

Mr. BARTLETT. Mr. President, today we have before us the conference report on H.R. 12455. The conferees have reduced the authorization to $240 million, but we are still confronted with the same unsupportable arguments for the expenditure of this money. This matter has been debated at great length, and the inconsistency of providing money for standards that have been postponed has been pointed out.

It is certainly folly to reason that this bill will receive a different reaction than H.R. 9803, which at least provided a scintilla of need for the expenditure of tax dollars.

In other words, the rationale of that proposal was that the $375 million was needed to finance the additional staffing standards thrust upon the States and private enterprise by the Federal Government. In this case, the staffing standards are postponed, so it is $240 million for nothing.

Rather than argue further the specifics of this bill which were substantially covered by the honorable Senator from Nebraska and myself in the original debate on May 20, 1976, I would like to pose the question of using taxpayers' dollars for standards that will be postponed and may be in substantially different form when they are reconsidered in the fall of 1977.

This is like buying a pig in a poke when we know the poke is empty.

There is no doubt that the standards which were adopted in 1974 would have substantially increased the cost of providing day care. In the debate which occurred on January 29 of this year, the proponents of H.R. 9803, the honorable Senators from Louisiana and Minnesota, both explained that the purpose of funding through the bill was to offset the additional cost created by the title XX staffing standards.

In the debate on H.R. 9803 on January 29, 1976, the honorable Senator from Louisiana (Mr. LONG), said:

> Since personnel costs are the major element of cost in the provision of child care, the Federal staffing standards have been given the greatest attention.

On the same date, January 29, 1976, the honorable Senator from Louisiana (Mr. LONG), in the debate of H.R. 9803, said:

> This matter has dragged along long enough, Mr. President, basically, this bill simply provides the foundation so that the States will have the money needed to meet the Federal staffing requirements and other special standards, but it is basically the staffing requirements that we are talking about, to provide adequate care for these little children.

On the same date, January 29, the Honorable Senator from Louisiana (Mr. LONG) said:

> But the standard does increase the cost of providing day care, because additional people will be needed to provide adequate care for these little children.

This proposal postpones the staffing requirements and postpones the requirement of additional people who will be needed to provide adequate care for these little children, as the distinguished chairman said.

Then on March 24, debate on the conference report, H.R. 9803, the Honorable Senator from Minnesota (Mr. MONDALE) said:

> This compromise bill would cut the cost of compliance with day care standards in half. It supplies funding to meet those costs. It is within the congressional budget, as measured by both Budget Committees.

On May 5, debate on H.R. 9803 President's veto, the Honorable Senator from Louisiana (Mr. LONG) said:

> The issue is whether we will make it possible for the States to obey that Federal law without seriously curtailing their child care programs. H.R. 9803 will accomplish this by providing additional child care funding—$125 million for the period between now and September 30 of this year—and by making it attractive for States to meet the Federal child care staffing requirements by employing welfare recipients in child care jobs.

Of course, H.R. 9803 authorized another $250 million for the succeeding full year.

On May 20, 1976, the Honorable Senator from Minnesota (Mr. MONDALE) in debate on H.R. 12455, said:

> In the meantime, the compromise in the pending bill would continue the key provisions of the vetoed day care bill, H.R. 9803, until October 1, 1977. This would include funding at the annual rate of $250 million; incentives for employment of welfare recipients in day care centers; and modifications in standards for family day care and for centers with few federally assisted children.

Mr. President, I think it is clear from those quotes from the RECORD that the intent originally was to provide additional authorization to the States to compensate the States for additional expenditures that would be occasioned by the increased staffing standards. The increased staffing standards have been postponed in this proposal we have before us, so it is $240 million for nothing.

What are we now offsetting in H.R. 12455? It would seem that some are saying, "Let us use the taxpayers' money to pay for staffing standards that have been postponed and have been agreed as having no sound basis."

We are simply spending to be spending. This body sustained a veto of authorizing $375 million to fund the new staffing standards. Does it make sense now to fund the postponement of those same standards by authorizing $240 million? Absolutely not.

This is questionable logic, and I am concerned about how you explain this to the citizens who are paying for this funding. This is a question that not only the proponents have to answer, but each one of us must do the same. If I were to go to my hometown automobile dealer and tell him that I would pay for an auto but the dealer could keep it, not only would the dealer, my wife, and the neighbors question my sanity, but I would probably find myself before the district judge for a mental health hearing resulting in the appointment of a guardian for my person and assets.

We are elected as empowered guardians of the citizens of this country, but now we are paying for something we do

not have have decided that we do not want. Who will then appoint a guardian for Congress to protect our person and the assets that the public entrusts to our discretion?

I think we should demonstrate that we are capable of handling the trust that has been placed in our hands. We should reverse our position and await the final study report on day care staffing standards, which will be available next year. At that time, if we desire, we can assess how best to implement and to fund any additional Federal requirements. I ask my colleagues to vote against the unnecessary authorization of this large amount of money. This is a ripoff of the American taxpayer.

Mr. President, I withhold the remainder of my time.

The PRESIDING OFFICER (Mr. GARY HART). The Senator has the only time remaining.

Mr. BARTLETT. Mr. President, may I have the attention of the Senator from Alabama. I wonder if the Senator from Alabama is ready to proceed. I have additional time. How much time does the Senator from Oklahoma have?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. ALLEN. I will wait until the time on the motion has expired, and then I may offer my amendment.

Mr. BARTLETT. I will be glad to yield the 3 minutes that I have.

Mr. ALLEN. That is fine.

Mr. BARTLETT. Does the Senator, Mr. President, then desire me to yield back the time since I have finished?

The PRESIDING OFFICER. The question is on agreeing to the motion to concur in the House amendment to the Senate amendment to the House bill.

Mr. LONG. How much time remains?

The PRESIDING OFFICER. There is no time remaining.

The yeas and nays have been ordered. The Senator from Alabama is recognized.

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

The PRESIDING. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

UP AMENDMENT NO. 371

Mr. ALLEN. Mr. President, I move that the Senate concur in the House amendment to the Senate amendment with an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN), for himself and the Senator from Oklahoma (Mr. BARTLETT), proposes an unprinted amendment No. 371:

On page 3, beginning with line 6, strike all of section 3, down through line 20 on page 7.

Mr. LONG. Mr. President, I ask that the time on the amendment be limited to 10 minutes, to be divided 5 minutes to the Senator from Alabama and 5 minutes to the manager of the bill.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Alabama.

Mr. ALLEN. Mr. President, originally, the child care bill provided the additional money, I think some $375 million, and required compliance with Federal standards by the child care center. That bill was vetoed by the President and the veto was sustained.

The effect of the House amendment, which the distinguished Senator from Louisiana moved that the Senate concur in, would have set the additional funds—and when I say additional, it is $2.5 billion—in the overall social services program, providing the money but not requiring compliance with the standards. That was the theory of the additional money at the outset, that the Federal standards would be complied with.

Now, the money is being given, if we go the path of the motion of the distinguished Senator from Louisiana. We would provide the money and not require the standards. So the amendment that the distinguished Senator from Oklahoma (Mr. BARTLETT) and I have offered would waive the compliance with the standards but would not provide the additional $240 million.

In other words, the child care centers would get what they are now getting out of the $2.5 billion for social services, but they would not get this additional money, nor would they have to comply with the increased Federal standards. I hope this amendment will be agreed to. I reserve the remainder of my time.

I yield such time as the distinguished Senator from Oklahoma might require.

Does the Senator from Oklahoma desire time?

Mr. BARTLETT. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BARTLETT. Mr. President, I will be very brief. I made some remarks a minute ago and they certainly apply to the amendment of the distinguished Senator from Alabama. I think it is clear when this body sustained the veto by the President, which was a veto of increased staffing standards with an authorized $375 million to fund those standards, we are going to look very silly now if we postpone those staffing standards but fund a nonprogram to the tune of $240 million.

The proposal by the distinguished Senator from Alabama and myself in the form of an amendment is to postpone the staffing standards but at the same time to delete the authorization for additional funding of $240 million. I think to proceed and not pass this amendment is to proceed in a fiscally irresponsible manner.

Mr. PACKWOOD. Will the Senator yield?

Mr. LONG. I yield 2 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I have been involved in this issue since the time it was started in the Finance Committee. The original cost was $375 million. I did not find that cost excessive. I objected to the imposition of the Federal staffing ratios.

At the time we estimated the $375 million cost it was not all to meet Federal staffing ratios. Part was to meet other requirements in this bill. As far as I am concerned, I would be still prepared to vote for a full $375 million to be used for day care left to the discretion of the States. This has been now cut back to $240 million. It is not an excessive amount. All of the money that we gave was not just to meet the staffing requirements. I think it would be a travesty if, after having gone this far, we were to back down now and not pass this bill in its present form.

Mr. LONG. Mr. President, the Senate voted for $375 million to help provide day care for children. Though the Federal staffing standards would be suspended under the bill, day care would still have to meet the health and the safety standards. From the $375 million passed by the Senate this bill has been cut back to $240 million. Now the Senator from Alabama wants to eliminate all the rest of it, to cut the funding back to zero.

Mr. President, we believe these children require care. They require someone to look after them. That care requires better health and safety standards. We do require States to comply with health standards. We do require them to comply with safety standards. Even though the staffing standards would be voluntary, we would still like to see better care for these little children and the funds could be used to improve staffing. Therefore, we provide for an additional $240 million, substantially less than the $375 million for which the Senate had originally voted.

It would be ridiculous, in my judgment, the Senate having already voted for $375 million for day care, for the Senate now to proceed to vote for zero for child care. I do not think the Senate wants to reverse itself to that extent.

Mr. President, the bill further provides a tax incentive to hire welfare recipients. The tax provision, however, only pays 20 percent of the cost. The other 80 percent would have to come from the additional $240 million provided in the bill. That is an additional reason why the bill provides the additional money. Otherwise, the tax credit would not meet its objective.

I yield back the remainder of my time, Mr. President.

Mr. ALLEN. I yield back the remainder of my time.

Mr. LONG. I move that the amendment, be laid on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to lay on the table. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRAN-

STON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Kansas (Mr. DOLE) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The result was announced—yeas 65, nays 22, as follows:

[Rollcall Vote No. 525 Leg.]

YEAS—65

Abourezk	Hatfield	Packwood
Bayh	Hathaway	Pastore
Beall	Hollings	Pearson
Bentsen	Huddleston	Pell
Biden	Humphrey	Percy
Brooke	Inouye	Proxmire
Bumpers	Jackson	Randolph
Burdick	Javits	Ribicoff
Byrd, Robert C.	Johnston	Roth
Cannon	Kennedy	Schweiker
Case	Leahy	Scott, Hugh
Chiles	Long	Stafford
Church	Mansfield	Stennis
Durkin	Mathias	Stevens
Eagleton	McGee	Stevenson
Eastland	McGovern	Stone
Fong	McIntyre	Symington
Ford	Metcalf	Taft
Glenn	Montoya	Talmadge
Gravel	Muskie	Weicker
Hart, Gary	Nelson	Williams
Hart, Philip A.	Nunn	

NAYS—22

Allen	Domenici	McClellan
Baker	Fannin	McClure
Bartlett	Goldwater	Morgan
Bellmon	Griffin	Scott, William L.
Buckley	Hansen	Sparkman
Byrd, Harry F., Jr.	Helms	Tower
Curtis	Hruska	Young
	Laxalt	

NOT VOTING—13

Brock	Garn	Moss
Clark	Hartke	Thurmond
Cranston	Haskell	Tunney
Culver	Magnuson	
Dole	Mondale	

So the motion to lay on the table was agreed to.

Mr. MANSFIELD. I call for the question.

The PRESIDING OFFICER (Mr. STONE). The question now recurs on the motion of the Senator from Louisiana to concur.

The yeas and nays have been ordered. The clerk will call the roll.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The Chair withdraws that and recognizes the Senator from West Virginia.

Mr. MANSFIELD. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate is not in order.

The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 minute.

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

ORDER TO PROCEED TO CONSIDERATION OF S. 3091

Mr. ROBERT C. BYRD. Mr. President, this next rollcall will be the last rollcall today.

I ask unanimous consent that upon the disposition of the pending conference report the Senate proceed to the consideration of S. 3091 without any action to be taken thereon today. That is the bill to amend the Forest and Rangeland Renewable Resources Planning Act.

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

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 11 a.m. tomorrow morning.

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

SPECIAL ORDERS FOR WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business tomorrow the Senate resume the consideration of the Rangeland Resources Act, and that the leadership be authorized at some point tomorrow afternoon not earlier than the hour of 4 p.m. to proceed to the consideration of the HEW conference report.

Mr. HUMPHREY. Just as a matter of information, is there a time limit agreement on the Rangeland Act? I believe there was one entered into.

Mr. ROBERT C. BYRD. There is.

Mr. HUMPHREY. On the bill there are 2 hours; is that correct?

Mr. BUMPERS. And 1 hour on each amendment.

Mr. HUMPHREY. And an hour on each amendment evenly divided. Is that correct?

Mr. ROBERT C. BYRD. I believe that is correct. It is laid out on page 3 of the calendar.

Mr. HUMPHREY. I thank the Senator.

Mr. RANDOLPH. Mr. President, as to the rangeland bill, is that the forestry bill?

Mr. ROBERT C. BYRD. That is. That is the one the Senator has in mind.

Mr. RANDOLPH. I thank the Senator very much.

Mr. ROTH. Mr. President, will the Senator yield for a question?

Mr. ROBERT C. BYRD. I yield.

Mr. ROTH. On the HEW conference report, what time will the vote be not later than?

Mr. ROBERT C. BYRD. The HEW conference report would not be called up earlier than 4 p.m. tomorrow afternoon. It is hoped that the leadership can proceed at about that hour.

Mr. HANSEN. Mr. President, reserving the right to object, and I do not intend to object.

Mr. ROBERT C. BYRD. Please do not.

Mr. HANSEN. What is the time limitation on the rangelands act?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 additional minute.

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

Mr. ROBERT C. BYRD. The agreement calls for 1 hour on any amendment in the first degree and on debate on the bill 2 hours.

The PRESIDING OFFICER. Is there objection?

Mr. HANSEN. I have no objection.

Mr. ROTH. Mr. President, reserving the right to object, going back to the HEW conference report, does the Senator have any anticipation of what time the final vote will be?

Mr. ROBERT C. BYRD. I do not. There is an agreement on that conference report also. There may be more than one vote in connection with the conference report.

Mr. PACKWOOD. It should not take more than 2 hours.

Mr. ROTH. I withdraw my objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CHILD DAY CARE SOCIAL SERVICES UNDER TITLE XX OF THE SOCIAL SECURITY ACT—CONFERENCE REPORT

The Senate continued with the consideration of the conference report on the bill (H.R. 12455).

ADDITIONAL STATEMENTS PRESENTED

Mr. PACKWOOD. Mr. President, this bill contains a very fair compromise on the question of day care staffing ratios and I am pleased that the Senator from Minnesota (Mr. MONDALE) and I were able to cooperate together to achieve it.

The Senate has considered the issues dealt with in this legislation several times since last January. The biggest issue each time has been the question of federally imposed day care staffing standards.

On January 28, I proposed an amendment to an earlier version of this legislation. Under my amendment the day care staffing ratios would be deleted from Federal law, but day care providers would be given more funds under title XX. I believe that we should insure that day care facilities provided under title XX are of highest quality by providing the necessary additional funds, but that we should not attempt to impose arbitrary, controversial staffing ratios nationwide. Such ratios would deny people responsible for day care the flexibility they need on the grounds that we in Washington know more about managing day care facilities than the day care professionals in each community.

Mr. President, the issue of day care staffing ratios is far from over, but we will debate the merits of that issue

another day, after the Department of Health, Education, and Welfare has had a chance to report its views on the subject.

Yet the States need additional funding to improve their day care programs, and this bill gives it to them. The Finance Committee studies the needs of the States in this area and it was proved by and large that the money was vitally important.

This bill is designed to help the State meet staffing needs and—at the same time—reduce the welfare rolls. The Finance Committee believed that when a State uses these funds for day care it should—to the extent feasible—use the money to hire low-income persons for child care related jobs. Most States seem ready and eager to try and do this.

Furthermore, this bill will extend the tax credit for child care providers who hire welfare recipients—a measure which also helps meet day care staffing needs while easing the welfare burden.

Mr. President, I am pleased that this bill also deals with another important problem—the way States determine eligibility for their social services programs. Two Finance Committee bills, one passed by the Senate in 1973 and the other passed in 1974, gave States the right to set their own eligibility standards for the social services they offer. However, since then Congress has established Federal eligibility standards as part of its attempt to restructure the social services program. Specifically, States were required to provide social services only to those citizens whose incomes were below certain limits.

To comply with this requirement the State must determine the income level of each individual—something they were reluctant to do in some cases. Some States, including Oregon, had been determining eligibility for some of their programs on a group basis, particularly in connection with senior centers.

Many groups objected to this requirement, especially the aged, and many State governments found it imposed burdensome administrative requirements. In response to these objections the Department of Health, Education, and Welfare twice modified this requirement and twice postponed its effective date. Finally the Department told the States to use any method of determining eligibility they wished.

This requirement was so stringent that it forced the Department of Health, Education, and Welfare to be intentionally lax in its enforcement. Determining eligibility for the wide variety of social services which the States offer can be a very complex matter. The feeling of the Finance Committee was that this was a matter better left to the States. Each State has its own individual needs, and each should be free to develop its own social services program to meet those needs. Overly specific Federal regulations simply impede their progress.

This bill will not change the purposes for which States spend their social services money; the social service law under this bill will continue to require States to develop social service plans and spend their money accordingly. What this bill does is allow States to determine social services eligibility on a group basis if they wish. But except for children of migrant workers, eligibility for child care services will continue to be determined on an individual basis.

We are simply saying to the States: "Develop your own eligibility requirements. If you want to set up even more stringent requirements than the Federal standards, go ahead. If you want to provide certain services for mentally retarded children, the elderly, or disabled individuals without requiring them to meet specific income limits, go ahead."

Mr. President, this bill does not have in it everything that I wanted; it does not have in it everything the Senator from Minnesota wanted. But I believe that it is a fair compromise and one which I think we can all support. I hope the Senate passes this bill overwhelmingly.

Mr. JAVITS. Mr. President, I am pleased to support the conference report on H.R. 12455, which provides for increased funding for child care and social services programs.

The conferees are to be complimented for the expeditious manner in which they have resolved differences with the House. The plight of day care in this country needs expedition. The $240 million provided through fiscal year 1977 will go far toward providing better day care for those presently enrolled, but will by no means adequately reach all those who desire and could benefit from quality day care services.

I am especially gratified that the conference committee agreed to permit group eligibility for title XX. This eliminates the unnecessary individual means test which threatened thousands of older Americans seeking assistance under title XX.

This threat to senior citizens led me to introduce S. 2157 with 39 of our Senate colleagues to abolish the means test by permitting the use of group eligibility, a concept now incorporated in the conference report.

The conference report includes the approach we supported in S. 2157. The report will eliminate the need for individual means tests be given to older Americans and certain others receiving title XX services. I compliment the conferees for reaching an agreement which allows the use of group eligibility for senior centers, but retains the original thrust of the title XX legislation, to wit, that social services would be provided for those most in need.

The report provides for group eligibility so long as substantially all those served are on income levels below 90 percent of the average State median income. This approach assures that services under title XX are provided to those intended, while avoiding the unseemly and wasteful spectacle of the Federal Government forcing from a senior center an older American whose income happens to be a dollar too high. In this instance, such specific determinations are best left to the State.

Mr. ROTH. Mr. President, I rise in support of this compromise legislation dealing with child care centers. This new legislation will replace the bill vetoed by the President in May, a veto which I supported. I had supported the President's veto of the earlier day care bill because that legislation would have imposed on the States restrictive Federal staffing standards for day care centers. Since these Federal standards would have increased day care costs, the bill would have authorized millions of dollars to pay for the increased costs. That legislation would not have provided more day care services, it would have only imposed additional burdens on the States and on taxpayers.

As I have repeatedly stated, the logical approach to the staffing controversy is to let the individual States determine what staffing standards are appropriate to maintain quality child care services.

Therefore, I am pleased that the conference committee, which I served on, has agreed to suspend the Federal staffing regulations under this legislation. In addition, the conference report will authorize an additional $240 million in increased social services funding for child care. This means that the funds in this bill will be used to improve and expand child care services, while the funds in the vetoed bill would merely have been used to offset the increased costs of the Federal staffing regulations.

One of the most important benefits of the day care services is that it enables families to stay off of welfare. Without day care services, many working parents would have to quit their jobs to care for their children and be forced to rely on welfare. By eliminating the costly staffing requirements, the States will be better able to meet the local needs of the people who are most in need. In my own State of Delaware, this legislation will provide approximately $650,000 in additional funds for day care centers, while the original legislation would not have benefited Delaware at all. I think this compromise child care bill is a great improvement over the vetoed bill, and I urge the President to sign this bill.

Mr. SCHWEIKER. Mr. President, I am pleased to express my support for H.R. 12455, to amend title XX of the Social Security Act, especially the provision giving States the option of using group eligibility procedures rather than individual means tests to determine eligibility for senior citizens' services.

As a member of the Senate Subcommittee on Aging and a strong supporter of the Older Americans Act, which provides services for senior citizens on the basis of age only, I am deeply concerned that the introduction of title XX funds into programs formerly funded only under the Older Americans Act has discouraged many of our Nation's senior citizens from continuing to receive services because of their embarrassment in revealing and documenting their income. Because I view this poverty test as an insult to our Nation's elderly, I was an original sponsor last year of S. 2157, which also would have given States the option of using group eligibility determinations.

Moreover, I am alarmed that administration of individual means tests results in less money available to provide serv-

ices to those truly in need. On March 8 of this year I met with over 700 elderly Philadelphians who came to Washington to testify before the House Ways and Means Committee on this measure. The Philadelphia Corporation for Aging, Pennsylvania's largest area agency on aging, reported that 16 percent of its title XX service budget would have to be shifted to administration of individual means tests and that less than 10 percent of current expenditures are going to recipients who would be determined ineligible. Therefore, at least 6 percent of this agency's allocation, over $300,000 per year, would not be available to carry out the intent of Congress—providing services to senior citizens. In view of the inadequacy of Federal funds for these vital programs, I feel that as much of the funding as possible should be used for direct services for those who need them and expenditures for administrative redtape should be minimized.

Mr. President, this conference report is responsive to the widespread concern that individual eligibility procedures are burdensome and wasteful in such situations as senior citizens' programs where clear and substantial majorities of the participants meet an income test of 90 percent of the median income. It is my understanding that this method of group eligibility would not require a set "percentage-of-participants test" to define the groups nor would it deny Federal financial participation to the States where they reasonably conclude that a clear and substantial majority of the participants of a particular program meet the group income test. To require minimum percentages, beyond the accepted sense of a substantial majority, would result in a reimposition of some kind of means test to provide the threshold percentage. States should be encouraged to make reasonable judgments in the application of group eligibility and to consider such elements as unit cost, administrative savings in waiving individual eligibility determinations, including declarations, the general needs and vulnerability of the client group, and coordination with other State or Federal programs.

Most group services for senior citizens should qualify in light of the general economic status of the elderly, their pressing need for nutrition, recreation, socialization, and other senior center services and the generally lower unit cost for such services. The States, under this provision, will be given the authority to cover such services with group eligibility as long as they can reasonably conclude that the predominance of the groups using these services meets the income test of up to 90 percent of median income. It is my hope that the regulations of the Department of Health, Education, and Welfare will accurately reflect the intent of Congress in providing flexible authority to the States and that these regulations will be marked by simplicity and latitude.

Mr. President, I believe this conference report will provide a workable alternative so we can continue these needed social services to our Nation's elderly. I urge the support of all my colleagues in this body for this worthwhile legislation.

The PRESIDING OFFICER. The question recurs on the motion to concur. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK), and the Senator from Washington (Mr. MAGNUSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. DOLE) is necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The result was announced—yeas 72, nays 15, as follows:

[Rollcall Vote No. 526 Leg.]

YEAS—72

Abourezk	Gravel	Nunn
Baker	Hart, Gary	Packwood
Bayh	Hart, Philip A.	Pastore
Beall	Hatfield	Pearson
Bellmon	Hathaway	Pell
Bentsen	Hollings	Percy
Biden	Huddleston	Proxmire
Brock	Humphrey	Randolph
Brooke	Inouye	Ribicoff
Bumpers	Jackson	Roth
Burdick	Javits	Schweiker
Byrd, Robert C.	Kennedy	Scott, Hugh
Cannon	Leahy	Sparkman
Case	Long	Stafford
Chiles	Mansfield	Stennis
Church	Mathias	Stevens
Curtis	McClellan	Stevenson
Domenici	McGee	Stone
Durkin	McGovern	Symington
Eagleton	McIntyre	Taft
Eastland	Metcalf	Talmadge
Fong	Montoya	Weicker
Ford	Muskie	Williams
Glenn	Nelson	Young

NAYS—15

Allen	Goldwater	McClure
Bartlett	Griffin	Morgan
Buckley	Hansen	Scott, William L.
Byrd, Harry F., Jr.	Helms	Tower
Fannin	Hruska	
	Laxalt	

NOT VOTING—13

Clark	Hartke	Moss
Cranston	Haskell	Thurmond
Culver	Johnston	Tunney
Dole	Magnuson	
Garn	Mondale	

So the motion to concur was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

DISTRICT OF COLUMBIA AUDIT—CONFERENCE REPORT

Mr. EAGLETON. Mr. President, I submit a report of the committee of conference on H.R. 11009 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. GARY HART). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11009) to provide for an independent audit of the financial condition of the government of the District of Columbia, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of August 3, 1976, beginning at page 25305.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

CRIMINAL LAWS OF THE DISTRICT OF COLUMBIA

Mr. EAGLETON. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 12261.

The Presiding Officer laid before the Senate H.R. 12261, an act to extend the period during which the Council of the District of Columbia is prohibited from revising the criminal laws of the District of Columbia.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the bill be considered as having been read twice by its title and that the Senate proceed to its immediate consideration.

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

The Senate proceeded to consider the bill.

Mr. EAGLETON. Mr. President, I move the passage of the bill.

The PRESIDING OFFICER. If there be no amendment, the bill will be read the third time.

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

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, that, before the Chair lays before the Senate the rangelands bill, the Senate proceed to the consideration of the following calendar orders, numbered 1076 through 1079; then 1082; then 1088 through 1090.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

NEE-ME-POO TRAIL STUDY

The bill (S. 3273) to authorize a study for the purpose of determining the feasi-

bility and desirability of designating the Nee-Me-Poo Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(c) of the National Trails System Act (16 U.S.C. 1244(c)) is amended by adding at the end thereof the following:

"(15) Nee-Me-Poo Trail, extending approximately one thousand three hundred and fifty miles from Wallowa Lake, Oregon, to Bear Paw Mountain, Montana, by way of—

"(A) Clearwater River, the Lolo Trail, and the Lolo Pass in Idaho;

"(B) the Bitterroot River, Big Hole River, and Targhee Pass in Montana;

"(C) Yellowstone National Park and Clark's Fork in Wyoming; and

"(D) Canyon Creek, Musselshell River, and Cow Island, Montana.".

FLORIDA TRAIL STUDY

The bill (S. 2486) to authorize the Secretary of the Interior to conduct a study with respect to the feasibility of establishing the Florida Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 5 of the National Trails System Act is amended by adding at the end thereof the following:

"(15) Florida Trail, extending north from Everglades National Park, including the Big Cypress Swamp, the Kissimmee Prairie, the Withlacoochee State Forest, Ocala National Forest, Osceola National Forest, and Black Water River State Forest, said completed trail to be approximately 1,300 miles long, of which over 400 miles of trail have already been built.".

BARTRAM TRAIL STUDY

The bill (S. 2112) to authorize the Secretary of the Interior to conduct a study with respect to the feasibility of establishing the Bartram Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 5 of the National Trails System Act is amended by adding at the end thereof the following:

"(15) Bartram Trail, which extends from Mobile, Alabama, through the area of Montgomery, Alabama, to the Alabama and Georgia State border about due east of Montgomery, Alabama; continues through Georgia to the area of Savannah, Georgia, thence south to the Georgia and Florida State border; and terminates in the area of Manatee Springs, Florida, after passing through the area of Jacksonville, Florida, and south along the Saint Johns River to Lake George, and thence through the Alachua Savanna to the Suwannee River.".

DANIEL BOONE TRAIL STUDY

The bill (S. 2783) to authorize a study for the purpose of determining the feasibility and desirability of designating the Daniel Boone Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(c) of the National Trails System Act (82 Stat. 919; 16 U.S.C. 1241) is amended by adding at the end thereof the following new paragraph:

"(15) Daniel Boone Trail extending from the vicinity of Statesville, North Carolina, to Frankfort, Kentucky.".

DESERT TRAIL STUDY

The bill (S. 3528) to authorize the Secretary of the Interior and the Secretary of Agriculture to conduct a study with respect to the feasibility of establishing the Desert Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 5 of the National Trails System Act is amended by adding at the end thereof the following:

"(15) The Desert Trail, which extends from the Canadian border of Idaho, through parts of Washington, Oregon, Nevada, California, and Arizona, to the Mexican border.".

GUAM POWER AUTHORITY GUARANTEE

The bill (S. 3681) to guarantee certain obligations of the Guam Power Authority, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3681

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11 of the Organic Act of Guam (64 Stat. 387, 48 U.S.C. 1423a) is hereby amended by adding at the end thereof the following language: "The Secretary of the Interior (hereafter in this section referred to as 'Secretary') is authorized to guarantee for purchase by the Federal Financing Bank bonds or other obligations of the Guam Power Authority maturing on or before December 31, 1978, which shall be issued in order to refinance short-term notes due or existing on June 1, 1976, and other indebtedness not evidenced by bonds or notes in an aggregate amount of not more than $36,000,000, and such bank, in addition to its other powers, is authorized to purchase, receive, or otherwise acquire these same. The interest rate on obligations purchased by the Federal Financing Bank shall not be less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities, adjusted to the nearest one-eighth of 1 per centum, plus 1 per centum per annum. The Secretary, with the concurrence of the Secretary of the Treasury, may extend the guarantee provision of the previous sentence until December 31, 1980. Such guaranteed bonds or other obligations shall, while outstanding, include a provision for semiannual payments of interest only. If the Secretary determines that the Guam Power Authority will not meet its obligation to pay interest, the Secretary shall request the Secretary of the Treasury to deduct such payments from sums collected and paid pursuant to section 30 of this Act (48 U.S.C. 1421h). Should there be default at maturity on the bonds or other obligations so guaranteed, (1) the Secretary may withhold such sums as he determines may be necessary from sums collected by the Secretary of the Treasury pursuant to section 30 of this Act (48 U.S.C. 1421h) until losses incurred by the Secretary under the guarantee plus interest at the rate specified in this section have been reimbursed to the Secretary, and (2) notwithstanding any other provision of law, Acts making appropriations may provide for the withholding of any payments from the United States to the Government of Guam which may be or may become due pursuant to any law and offset the amount of such withheld payments against any claim the United States may have against the Government of Guam or the Guam Power Authority pursuant to this guarantee. For the purposes of this Act, under section 3466 of the Revised Statutes (31 U.S.C. 191) the term 'person' includes the Government of Guam and Guam Power Authority. The Secretary may place such stipulations as he deems appropriate on the bonds or other obligations he guarantees."

ST. PAUL'S CHURCH, EASTCHESTER

The Senate proceeded to consider the joint resolution (S.J. Res. 139) to authorize the Secretary of the Interior to accept St. Paul's Church, Eastchester, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert the following:

That the Secretary of the Interior shall prepare and transmit to the Committees on Interior and Insular Affairs of the Senate and House of Representatives within one year from the date of enactment of this resolution a feasibility/suitability study of Saint Paul's Church, Eastchester. The study shall include cost estimates for any necessary acquisition, operations and maintenance, and development as well as any alternative.

The amendment was agreed to.

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

The title was amended so as to read: "Joint resolution to direct the Secretary of the Interior to conduct a one-year feasibility/suitability study of Saint Paul's Church, Eastchester."

AMENDING THE ACT ESTABLISHING THE CANAVERAL NATIONAL SEASHORE

The bill (H.R. 10370) to amend the act of January 3, 1975, establishing the Canaveral National Seashore, was considered, ordered to a third reading, read the third time, and passed.

H.R. 13679—GUAM POWER AUTHORITY GUARANTY

Mr. ROBERT C. BYRD. Mr. President, is there a bill at the desk, H.R. 13679, which is a companion bill to S. 3681, which was just passed?

The PRESIDING OFFICER. The Senator is advised that the House bill, by unanimous consent, is being held at the desk.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the House

bill be considered as having been read the first and second times and that all after the enacting clause be stricken; that the text of S. 3681 be inserted in lieu thereof; and that the bill be considered as having been passed, the motion to reconsider laid on the table, and S. 3681 indefinitely postponed.

The PRESIDING OFFICER. Would the Senator include in his request to vitiate the passage of the Senate bill first?

Mr. ROBERT C. BYRD. Yes, I do.

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

JUDICIAL NOMINATIONS

Mr. ROBERT C. BYRD. Mr. President, the White House today announced that two judicial nominations are being sent to the Senate from Vail, Colo. One of these would fill a vacancy on the Fourth Circuit Court of Appeals; the other would fill the district court vacancy created by the appointment to the Fourth Circuit Court of the judge who presently holds the seat on the Southern District Court of West Virginia.

The nominations are expected to be received tomorrow by the Senate.

I ask unanimous consent—and this request has been cleared with Mr. EASTLAND and Mr. HRUSKA—that if the nominations are received this week public hearings may be held on the two nominations on Wednesday, September 1, 1976.

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

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a notice of such hearings.

The PRESIDING OFFICER. The notice will be received.

(The notice of hearings is printed in today's RECORD under routine morning business.)

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two orders for the recognition of Senators have been completed on tomorrow there be a period for the transaction of routine morning business not to extend beyond the hour of 11:45 a.m., with statements limited therein to 5 minutes each.

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

NATIONAL FOREST MANAGEMENT ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the rangeland bill, in accordance with the order previously entered.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 3091) to amend the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476) and the Act of June 4, 1897 (30 Stat. 35).

ORDER FOR THE RECOGNITION OF SENATOR ALLEN ON THURSDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. ALLEN have 15 minutes on Thursday morning after the two leaders are recognized under the standing order.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 11 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, Mr. PELL will be recognized for not to exceed 15 minutes, after which Mr. BEALL will be recognized for not to exceed 15 minutes. There will then be a period for the transaction of routine morning business not to extend beyond the hour of 11:45 a.m. with statements limited therein to 5 minutes each.

At the conclusion of routine morning business, the Senate will resume consideration of S. 3091, a bill to amend the Forest and Rangeland Renewable Resources Planning Act of 1974.

There is a time agreement thereon. Rollcall votes will occur on amendments in relation thereto and on final passage.

At no earlier than 4 p.m. tomorrow, the leadership has been authorized to call up the HEW conference report. Presumably that report will be called up soon after 4 p.m. Rollcall votes will occur in relation to that conference report.

Tomorrow promises to be a reasonably long day, with rollcall votes occurring throughout the day.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 11 o'clock tomorrow morning.

The motion was agreed to; and at 6:34 p.m., the Senate adjourned until tomorrow, Wednesday, August 25, 1976, at 11 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, August 24, 1976*

The House met at 12 o'clock noon.

Rev. Kenneth L. Folkes, Mount Carmel Baptist Church, Bronx, N.Y., offered the following prayer:

Almighty God and our Father, we bow before Thee this morning thanking Thee for the assurance that whatsoever we ask in Thy Son's name shall be granted unto us.

We thank Thee for our country and for the ways Thou hast brought these 200 years; for the men and women who have given their lives for the principles upon which this country was founded.

We thank Thee for the American dream. We thank Thee for those who have labored in these Halls in days past. And we ask Thy divine blessings upon the Members of Congress as they wrestle with the problems of our time.

We pray that somehow the Members of this Chamber will catch a stimulating vision of the Lord of Hosts, and be led to answer the call and to bring liberty and justice to all.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 393. An act to provide for the study of certain lands to determine their suitability for designation as wilderness in accordance with the Wilderness Act of 1964, and for other purposes.

REV. KENNETH L. FOLKES

(Mr. BADILLO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BADILLO. Mr. Speaker, I am proud that the Reverend Kenneth Lawrence Folkes has been chosen to give the invocation today; for he represents the best spirit of the district I serve, the 21st New York Congressional District in the South Bronx. It is a very poor district, and many people there have given up hope. Reverend Folkes has spent his life, both by his own example and his almost numberless activities, in rekindling that hope, in making the people believe that there can be a better life and that there will be a better life in the district.

While Reverend Folkes' activities have spread far beyond the confines of the 21st District to encompass the whole city, he has never forgotten the people of his home area and continues to work tirelessly for them.

Born in Jamaica, he came to this country in 1945, and since receiving his degree in theology from the American Bible College, has been very active in the religious life of the Bronx and the whole city. He is the pastor of the Mount Carmel Baptist Church in the Bronx, which he founded in 1956, the same year he joined the New York City Council of