EXTENSIONS OF REMARKS

CHINA GIVES ITS RESERVES

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. AuCOIN. Mr. Speaker, I would like to share with my colleagues two articles, one which appeared in the July 14, 1978, Washington Post and the other in the Wall Street Journal on July 5, 1978.

As you know, I have strongly supported increased trade with the People's Republic of China, a country that is now undergoing rapid industrial expansion, and thus could be a vital trading partner for the United States which has a massive trade deficit.

The articles reprinted below are further evidence of China's need for credits and their interest in such financing. Meeting that need was the purpose of my amendment to the Export-Import Bank Reauthorization Act:

[From the Washington Post]

CHINA GIVES ITS RESERVES

China has more than $2 billion in foreign currency reserves but will need extensive additional foreign funds in two years to finance its modernization program, Kyodo News Service reported yesterday.

In a dispatch from Peking, Kyodo quoted Chinese Vice Premier Li Hsien-Nien as telling a visiting delegation from Japan's Mitsui Industrial Group that China will ask for such funds in two year's time.

"We can do without foreign funds this year, because our foreign currency reserves at the moment total well over $2 billion," Li was quoted as saying.

Kyodo said it was the first time a senior Chinese government official disclosed the specific amount of the country's foreign exchange reserves."

[From the Wall Street Journal]

CHINA APPEARS POISED TO TAKE PLUNGE INTO WORLD MARKETS TO SEEK DIRECT LOANS

HONG KONG.—China's new leaders appear to have decided to abandon one of their most cherished principles—the rejection of direct loans—in a reversal that has far-reaching implications for the country's economic development.

Reports reaching Hong Kong in recent days, while a major conference on finance and trade was in session in Peking, indicate that fundamental policy changes are under discussion. Direct borrowing had been ruled out in the past on the ground that China wanted to be self-reliant. One of China's boasts in the 1960s was that it was a country with "neither internal nor external debts."

Last week, however, vice Premier Li Hsien-Nien, the country's top financial planner, is understood to have told visiting members of Britain's Parliament that China intends to start borrowing money from British banks.

On Saturday, a high Communist source in Hong Kong said privately that "it is only a matter of time" before China would accept loans openly. The source acknowledged that, after all, deferred payments on foreign plant purchases, which run into billions of dollars, are merely a thinly disguised form of loan.

And on Sunday, an American businessman who had just arrived from Peking said that a senior China trade official had confirmed to him that the possibility of accepting loans was "under consideration".

China's willingness to accept loans would add powerful impetus to its efforts to achieve rapid economic modernization. Although it has set itself ambitious targets to be achieved by the turn of the century, its ability to import costly but essential foreign technology and plants is limited by the amount of foreign exchange it can earn through exports.

VIEWED AS GOOD RISK

Bankers and financial analysts generally consider China a good risk, and there probably won't be any shortage of willing lenders. One Western economist estimated that China, which earned about $7 billion in foreign exchange through exports last year and which is estimated to have $4 billion to $5 billion in reserves, could borrow $7 billion without difficulty.

Another analyst, however, felt less sanguine and said that once China's borrowings got up to $5 billion or so, "Bankers would start to think about how China would repay its debts."

In view of the country's good credit standing, he estimated that China would probably be charged interest rates lower than those for other less developed countries—perhaps one percentage point, or even less, above the London interbank rate for dollars. Even lower interest rates are available from aid-giving agencies, such as International Development Agency, but China isn't a member of the World Bank, the IDA's parent body, and also may decline loans given in the form of aid.

An economist at a U.S. bank in Hong Kong said that many countries maintain a debt-service ratio of 20 percent, that is, their payments wouldn't be any more than one-fifth of their annual foreign-exchange earnings. Using this ratio, he said, China's borrowings could rise to as much as $12 billion for long term loans, and if, as expected, Chinese exports increase sharply, the country's borrowing capacity also would rise proportionately.

EARLIER DEBTS

The economist observed that China's debt-service ratio in recent years has ranged between 4 percent and 23 percent, and he estimated the 1977 level at 11 percent. These debts were incurred in earlier years when China went on a buying spree and imported several billion dollars of complete plants on a deferred-payment basis.

The importance of foreign credits was underlined in a major speech delivered at the finance and trade conference by Yu Chiu-li, a vice premier and head of the state planning commission. The speech, delivered Sunday, openly discussed offsetting deposits that the Bank of China maintains with foreign banks, a practice that is an indirect form of borrowing as foreign banks deposit hard currencies with the Bank of China, which in turn deposits equivalent amounts of non-convertible renminbi, Chinese currency, with those banks.

Mr. Yu, in his speech, implied that such forms of borrowing may increase. "Along with the growth of foreign trade and expanded relations with other countries, the role of the bank will be expanded and financial activities with foreign countries will increase," he said. "We must receive and use foreign deposits in a planned way, handle well the deposits of overseas Chinese, international settlements and insurance operations . . . and develop friendly international exchanges through the bank's relations with foreign countries."

SEEKS ECONOMIC GROWTH

Mr. Yu said that the basic principle of China's financial work was "to increase state revenue and credits through the growth of the economy."

If China does go into direct borrowing, it is likely to begin on a relatively small scale. Mr. Yu, in his talk, said China intends to finance imports of new technology primarily through increasing its export earnings.

He said China would adopt "common international practices" and apply these "flexibly" in its attempt to "achieve modernization rapidly and correctly."

As an example of new flexibility, Mr. Yu said that foreign equipment could be imported and paid for with the products produced. Presumably, this means that China could, for example, import coal-mining equipment and pay for the equipment with the coal produced.●

EULOGY TO M. L. "RANDY" RANDOLPH

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE SENATE OF THE UNITED STATES

Wednesday, July 19, 1978

● Mr. MATSUNAGA. Mr. President, with the untimely and unexpected sudden passing of M. L. "Randy" Randolph on Sunday, July 9, the people of Hawaii lost one of its most public-spirited and community-minded citizens. As one of his many friends and one who learned to love and respect "Randy" as the perfect gentleman that he was, I mourn his departure and rise to pay tribute to his memory.

Mr. Randolph, a native of Bayou Goula, La., had, since his arrival in Hawaii during World War II, devoted himself to making the Island State a better place in which to live. A trustee of the James Campbell estate for the last 21 years, he was also a past president of the Chamber of Commerce of Honolulu and served as president of the board of the Downtown Improvement Association of Honolulu for many years. His vigorous efforts in behalf of downtown Honolulu earned him the title "Mr. Downtown."

A progressive, people-oriented businessman, "Randy" Randolph also gave generously of his time to the Honolulu Symphony Society, the Honolulu Academy of the Arts, and the Bishop Museum Association, believing that the arts and humanities play an important role in shaping the quality of life in a city like Honolulu.

"Randy" Randolph, in the years since statehood, helped to make Hawaii a Pacific center of trade, culture, and education. He will be very much missed and I know that all Hawaii joins me in extending heartfelt sympathy to his widow, Hildegard, and the other members of his family. The Aloha State is a much better

place in which to live because "Randy" Randolph lived there.●

SHCHARANSKY TRIAL—A TRAVESTY OF JUSTICE

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ZEFERETTI. Mr. Speaker, last week the world heard the sentencing of Anatoly Scharansky and Alexandr Ginzburg and mourned along with their wives, relatives, and friends. We, in free societies, are shocked at the extreme harsh punishment given to these two "dissidents." Yet, at the same time, we are disgusted with the officials of the Soviet Union who have, once again, shown the world their determination to silence those individuals who speak out against their government, and speak out for freedom.

Because of their candor, they have been given harsh jail sentences. Mr. Ginzburg was convicted of anti-Soviet agitation and sentenced to 8 years in a strict labor camp to be followed by 3 years of internal exile. Mr. Scharansky, on the other hand, was found guilty of treason, anti-Soviet agitation and propaganda. He received a 13-year sentence—the first 3 years to be served in prison and the remainder in a strict-regime labor camp, an extremely harsh sentence which could most certainly kill him.

Both men were members of a group monitoring the Soviet observance of the 1975 Helinski Agreement. As a signatory of the United Nations Universal Declaration on Human Rights and as a party to the Helinski Final Act, the Soviet Union had indicated its commitment to internationally recognized human rights. The world's regard for the Soviet Government's observance of human rights declined sharply as a result of the harsh and discriminatory treatment of these two men. In addition, at least 2 dozen members of this group are already imprisoned and, quite inevitably, all other members involved in this organization will be silenced—whether it be by imprisonment or by other means that the Soviet aggressors will eventually decide.

Mr. Ginzburg and Mr. Scharansky are no more guilty than the rest of the citizens of the world who speak out against prejudice, aggression, and injustice. Mr. Scharansky's "real crime" appeared to be an expression of freedom of speech, the desire to emigrate to Israel, and a history of helping other Soviet Jews who have been the victims of Soviet aggression. Acting as a "go-between" with Western correspondents who wrote on Russians attempting to emigrate to Israel as well as to condemn the repressive tactics of his countrymen, Mr. Scharansky was alleged to have been a member of the Central Intelligence Agency. Nothing could be further from the truth. Russian officials have attempted to discredit him and will stop at nothing to separate this man from other individuals in this class-conscious society. We, in the United States, are most fortunate that we have the protection of the Constitution. We are afforded the freedom to challenge those individuals with whose opinions we differ without fear of reprisal.

The "trial" dramatized the difference between the American and Soviet system of justice. By prohibiting members of Scharansky's family and members of the Western press, and only allowing those individuals with "passes" to attend, a mockery of a trial existed.

We, as Members of Congress, must actively fight for the freedom of Anatoly Scharansky, Alexandr Ginzburg, and those individuals who are presently being persecuted in their homeland. Mrs. Scharansky's impassioned plea to Congress stressed that "the Soviet Union does not react to words." We must decisively show the Russians that we will not sit idly by and watch the Jewish citizens, scientists, and those who continue to fight for freedom of all individuals be silenced. It is our turn to act.●

THE NATURAL GAS COMPROMISE PROPOSAL—OR—HOW TO TURN DISASTER INTO CATASTROPHE

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ARCHER. Mr. Speaker, I have received the attached letter from a constituent in Houston and find his comments to be of great interest. I hope that my colleagues in the Congress will take the time to read his perceptive remarks:

I have just read a 21 page summary of a compromise proposal to be considered by the conference committee on energy.

My review of the proposal indicates (1) that for wellhead pricing purpose there is a variety of at least 15 types of gas; (2) that there are at least three different price escalation schedules; and (3) that the sales price in the market place can only be determined after the time of sale, if ever.

If the proposal were to become law, the following would occur:

1. Producers would seldom know with certainty the price they can expect to receive for their gas.

2. Consumers of all priorities of service would never know in advance the price to be paid for gas.

3. Pipeline companies and distribution companies would never be able to predict with reasonable certainty future gas costs or revenues and would face the difficult, if not impossible, task of properly billing for and paying for gas.

The result of passage of a bill incorporating the terms of the compromise proposal would be as follows:

1. Drilling activity would be curtailed because of price uncertainty.

2. Pipeline companies and distribution companies, because of rate uncertainty, would be unable to obtain the financing required for capital expenditures needed for maintenance of service.

3. The price of fuels which are alternatives to natural gas would remain in a state of unpredictable change.

4. Household and small commercial gas customers pay substantially higher prices because of the underutilization of existing long distance and distribution pipeline systems.

5. The burden on all taxpayers would be increased because of the necessity to hire a new colossal army of government bureaucrats to *attempt* to administer compliance with, what history indicates, would be an ever increasing list of regulations.

The United States is already up to its belt buckle in federal regulations and government bureaucrats. [For perspective it is interesting to note that the amount of the annual budget for the Department of Energy exceeds the total amount received by producers at the wellhead for all gas produced in the United States last year; such budgeted amount also exceeds the total cost of all (oil and gas) wells drilled in the United States last year.]

Regulation of natural gas field prices has been a disaster. In my opinion, a vote for the compromise proposal would be a vote for turning disaster into catastrophy. I urge you to favor the consumer and taxpayer by passing energy legislation which will immediately remove price controls on crude oil and natural gas, which will remove unrealistic environmental restraints on mining and use of coal and which will provide tax incentives for conservation of energy.

Sincerely,

DAN B. KELLY.●

CAPTIVE NATIONS WEEK

HON. JAMES M. HANLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. HANLEY. Mr. Speaker, I am proud to join my colleagues and fellow Americans in recognizing this, the 20th commemoration of Captive Nations Week. This recognition is not a celebration, but a remembrance of the intolerable state of world affairs which makes this week necessary. Having just celebrated the anniversary of liberty in our own land, it is now appropriate to pause and consider the people in many lands who are denied the personal freedoms which we in the United States take for granted.

Our Nation, which serves as an example to so many others, must not fail in this role by the hypocrisy of letting our demand for basic human rights worldwide go undeclared. The meaning of détente is currently in question. Peaceful coexistence does not mean that we must compromise our support of human rights advocates such as Anatoly Scharansky and Alexandr Ginzburg. Détente does not mean turning our backs on nations held captive under Soviet tyranny.

Furthermore, détente cannot mean that the Soviet Union may freely choose which of their international agreements to which they will remain faithful and to which they will not. The U.S.S.R. and 33 other nations signed the final act of the Helsinki accords on August 1, 1975.

The signers of this final act, including Moscow, pledged to uphold human rights and fundamental freedoms. We have recently witnessed a total disregard on the part of the Soviet Union of this promise. Their mockery of the agreement is all too apparent when a letter from the United States cannot even reach individuals who monitor the U.S.S.R.'s compliance as a cosigner, or who simply seek their rights as guaranteed under the Helsinki accords. Détente cannot be unilateral. The agreement, like a contract, must be held in good faith by both parties.

In closing, Mr. Speaker, may our recognition of this week give hope and encouragement to those oppressed in captive nations, and serve as a clear message to the Soviet Union of our position on their violations as epitomized in Anatoly Scharansky's conviction. May we as a nation state, "I remember, I remember, and I shall not forget."●

POLITICAL DOUBLE THINK ON ERA EXTENSION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. McDONALD. Mr. Speaker, the subject of the equal rights amendment seems to be hanging about the neck of the Congress like an albatross. We again have the rabid supporters of the ERA amendment in town grabbing at everyone's sleeve like the Ancient Mariner of old to tell their arguments in favor of ERA. Many a weary State legislator is wondering why he or she has to keep voting and voting again on the same constitutional amendment. Now that the pro-ERA forces have not succeeded they are before the Congress with their extension proposal to change the rules of the ball game. Mr. M. Stanton Evans, in a recent column appearing in Human Events for July 22, 1978, describes why this extension should not be granted and I commend his arguments to the attention of my colleagues.

The column follows:

POLITICAL DOUBLE THINK ON ERA EXTENSION

(By M. Stanton Evans)

The campaign to extend the time limit for ratification of the Equal Rights Amendment is as good a specimen of political double think as one is likely to encounter.

So argues Phyllis Schlafly, chairman of Stop ERA and the individual who has almost singlehandedly derailed the drive for ratification and reduced proponents of ERA to the extension stratagem. Mrs. Schlafly recently appeared before the House Judiciary Subcommittee on Civil and Constitutional Rights to deliver a withering critique of the extension proposal. Her testimony made the following points:

1. To alter the time frame at this late date is to change the rules at the end of the game—rather like a football team that is trailing demanding to play a fifth quarter. It is also to tamper with the approval of the amendment. Recissions have been voted in Nebraska, Tennessee, Idaho and Kentucky. It cannot be very plausibly argued that their previous ratifications would be contemporaneous with ratifications in the 1980s when these four states have explicitly disowned their former action.

4. Proponents of the extension are trying to stack the deck even further by denying that a state can rescind its previous ratification. In this view, once a state has voted to ratify it is locked into that position forever. But states that have refused to ratify can be continuously pressured to approve the ERA—for a period up to 14 years! Mrs. Schlafly notes that the 15 states that haven't ratified have been compelled to vote again and again on ERA—24 times in committee, 59 times on the floor of the legislature.

5. To add an extra fillup of unfairness, proponents of the extension are contending that the time frame can be expanded by simple majority vote, even though the original amendment required a two-thirds vote in both houses of Congress. After passage of a motion that requires a two-thirds vote, Mrs. Schlafly observes, a body cannot amend or change that motion by majority vote.

6. Not content with rigging things in this respect, ERA proponents have also managed to rig the hearings on the proposed extension. In hearings held last fall, Mrs. Schlafly notes, seven lawyers were heard on the question of the extension. Six of these were pro-ERA, and only one came out clearly in opposition to the extension.

7. The unfairness of the proposal is so manifest that several liberal spokesmen who favor ERA have come out against the extension. Even such liberal voices as the New York Times and the Washington Post have criticized the proposal. They understand that the essence of the democratic process is to abide by the rules, and that the suggested ERA extension is a proposal to do exactly the reverse.

P.S.—Suggesting that Mrs. Schlafly has correctly gauged the outlook of her adversaries was the mentality displayed by ERA proponents as they marched in Washington on July 9 to demand extension of the time limit.

Indicative of the above-the-law posture adopted by the extension forces was Gloria Steinem, editor of Ms. magazine and longtime feminist leader. "The lawful and peaceful stage of our revolution may be over," she said. "It's up to the legislators. We can become radical if they force us. If they continue to interfere with the ratification of the ERA, they will find every form of disobedience possible in every state of the country."

In an indirect tribute to the effectiveness of Mrs. Schlafly's criticisms, several speakers at the pro-ERA rally attacked her by name. She came under particular fire for contending that the marchers represented the same combination of "Federal employes and radicals and lesbians" who took part in last year's International Women's Year conference. This time around, however, the lesbian part of the charge could hardly be denied, since the participation of lesbian groups in the extension march was obvious and widely reported.●

JAPANESE PLEDGE

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. YOUNG of Florida. Mr. Speaker, the President has just returned from lengthy discussions with the leaders of the leading industrial nations and one of the results was a pledge by the Japanese to help cut the rising volume of Japanese imports into America.

One of my constituents, Capt. W. C. Morrill of St. Petersburg, has requested that I share with my colleagues part of a recent newspaper article dealing with one of Japan's major exports—automobiles. Mr. William Safire, the author of the article, began his comments by stating that "for every automobile America's free economy sells in Japan, that nation's government-monopoly economy—Japan Inc."—sells 100 automobiles in the United States." This can be verified by the most recent official figures furnished by the Office of Trade Policy of the Department of the Treasury which show that in 1977 the United States imported 1,341,530 passenger cars from Japan while exporting 13,592 to that nation. The ratio is 98.7 to 1.●

ROBERT W. ROBINSON RETIRES

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. FORD of Michigan. Mr. Speaker, too often we are inclined to overlook the vital role played by local officials, both elected and appointed, in making a reality of the Federal programs that we initiate here in Congress.

These hard-working citizens at the local level are the people who put into practical use the ideas which we incorporate here in legislation.

I would like to bring to the attention of our colleagues the example of one outstanding local official in my congressional district, who is retiring this month after many years of service to my hometown of Taylor, Mich.

This man is Robert W. Robinson, who is retiring as director of the Taylor Housing Commission and operator of the community's senior citizen housing apartments. Prior to that assignment, he served on the city council, and even earlier in several appointive positions.

Mr. Robinson has lived in Taylor for nearly a quarter century. An active civic leader for many years, he served as the first chairman of Taylor's Civil Service Commission, when the community was still a township.

When Taylor was incorporated as a city in 1968, he was elected to the first city council, and served as an alternative delegate to the Southeastern Michigan Council of Governments (SEMCOG). Mr. Robinson was one of the first community leaders to recognize the importance of the local-Federal partnership in using Federal programs and Federal dollars to help solve local problems.

In his role as a councilman, he worked hard in Taylor's successful efforts to obtain Federal funding for the senior citizen apartments. In 1976, when the position of housing director and operator of the apartments became vacant, Mr. Robinson was a unanimous choice for the position. He resigned from the city council to take over the dual housing assignment, and has done an outstanding job since that time. The Taylor senior citizen apartments have been a model for many others in the area.

I am pleased to bring Mr. Robinson's accomplishments to the attention of our

colleagues here today, Mr. Speaker, and I know you all join me in sending Mr. Robinson our thanks and congratulations on a job well done, and our best wishes for continued success and happiness in all his future endeavors. ●

CAPTIVE NATIONS WEEK—20TH ANNIVERSARY

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. HORTON. Mr. Speaker, it is indeed a distinct honor and privilege for me to participate in this year's observance of Captive Nations Week. This is an especially important anniversary because it was 20 years ago that President Eisenhower signed into law national observance of Captive Nations Week.

That we again reaffirm our opposition to the oppression of the peoples of the Captive Nations comes at a critical point in world events. Last week, two Soviet courts, one in Moscow, the other in Kaluga, found guilty two Soviet citizens accused of treason and espionage, in one instance, and anti-Soviet agitation in the other. These verdicts, in defiance of world public opinion, the Helsinki Accord and justice, intensify the need to continue directing world attention to the plight of millions of people behind the Iron Curtain. The institutionalized miscarriage of justice that was played out in those two Soviet courts should remind us that to the Soviets, and Communists everywhere, human rights do not exist.

In the year that has passed since our last observance of Captive Nations Week, there has been little to celebrate and much to mourn. Last November 4, President Carter announced his decision to return to Hungary the Holy Crown of St. Stephen. This tragic decision caused many in the Hungarian-American community to question the basis on which the United States officially speaks out on human rights violations. Why? Because the decision to return the crown was announced on the anniversary of the Hungarian Uprising of 1956, crushed so brutally by the Soviet Union and its puppet, Janos Kadar. There is no reason today to judge Janos Kadar, then, as now, the prime minister, worthy of the honor the return of the crown necessarily implies.

That same source of power which maintains Janos Kadar at the head of the Hungarian Government, continues to act as a barrier between the peoples of Eastern Europe and their right to self-determination and freedom. We must not forget that 60 years ago the Ukraine declared its independence as did Lithuania, Estonia, and Latvia. We must also remember that it was the treachery of the Soviet Army that shattered the short-lived independence of these countries. In the case of all three countries, inclusion in the Soviet Union has come at an extremely high price in terms of cultural heritage, religious and political freedom. These rights no longer exist.

The Soviets, however, do not have an exclusive hold on human rights violations. Recent reports in both American and world newspapers have provided alarming accounts of Romanian repression of the 2-million-strong H ngarian minority within Romania. Regrettably, our State Department does not recognize this situation within the context of the Helsinki Accord.

Although we tend to think only of Eastern Europe when we think of captive nations we must now extend our observance to such nations as Cambodia, Vietnam, Laos, and other nations around the world where dictatorial regimes have institutionalized degradation and oppression. Many of us are well informed on the extent to which the Cambodian Government has gone to reshape that country. Reports have reached the West charging the Cambodian regime with the systematic slaughter of more than a million Cambodians. Similar horror stories have come out of other Southeast Asian countries.

Our voices denouncing repression which has become a tragic way of life wherever communism is a form of government, give hope to those around the world who may not live in freedom. While our observance conveys hope, it also serves notice to the Soviets and all other violators of human rights that we will continue to denounce their inhumanity and instead call for freedom for the more than 100 million citizens of the captive nations. ●

JOSEPH R. RAYMOND

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Ms. MIKULSKI. Mr. Speaker, today I want to pay tribute to Mr. Joseph R. Raymond, an old friend and esteemed citizen of Maryland. Joe Raymond, deputy auditor general of the Agency for International Development and a former member of the Maryland House of Delegates, died of cancer on July 3 at the untimely age of 38. His wife Betsy, his family, his friends, his colleagues, and I will miss him very much.

As a deputy auditor general for AID, Joe was the second in command of the division which oversees spending in foreign aid programs. He was involved in the investigation of foreign research centers and contracts with other nations. It is widely recognized that Joe was outstanding in his position at AID.

A native of New York, Joe moved to Baltimore when he was 7 and soon adopted the city as his home. His love for his community only grew as the years went by and as he dedicated his life to the citizens of Baltimore. Joe attended Georgetown University and graduated from the Georgetown University Law Center in 1964.

As an attorney, Joe served both Baltimore City and the State of Maryland in various posts. As a reward for his exemplary service, Joe was appointed to fill a vacancy in the House of Delegates. During his 2 years in the Maryland House, Joe was a member of the Economic Matters Committee and was the sponsor of precedent shattering conflict-of-interest legislation.

In 1975, Joe became responsible for drafting, implementing, and monitoring all Baltimore City affirmative action and equal opportunity programs, a post he held until his appointment to AID in August 1977.

Joe was active in liberal political causes most of his adult life. He served as president of the Maryland Young Democrats and the New Democratic Coalition of Maryland. He was the chairman of the 1972 McGovern campaign in the Maryland primary. Joe was a delegate to the Democratic National Convention in 1972 and an alternate to the Democratic Midterm Convention in 1974.

Four years ago, I was a candidate for the U.S. Senate. Many of the old Democratic pols would not give me the time of day, let alone any help or encouragement. But not Joe and Betsy. They immediately stepped forward. They had me come to their home to meet with a brilliant political advertising man. What meant most to me was not the creative advice but the gesture of friendship extended to me by Betsy and Joe at a very vulnerable and critical point in my own life.

Although Joe had achieved much in his few years, he never forgot the underdog and the outsider. Joe Raymond was a success in many ways. Most importantly, he was a success at helping others.

It is hard to say goodbye to an old friend. I will miss his humor, his loyalty to old friends, his energy, his pizzazz. My only regret is that I will not be able to tell him personally, "Joe, thanks for everything." ●

EQUAL EMPLOYMENT RIGHTS FOR WOMEN

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MAZZOLI. Mr. Speaker, as one who cosponsored legislation to prohibit discrimination on the basis of pregnancy soon after the Supreme Court decision in Gilbert against G.E., I rise in strong support of H.R. 6075.

The net effect of that Supreme Court decision was to subject 40 percent of those holding jobs in this country—women—to the risk of total loss of income because of temporary medical disability.

What we are talking about in considering H.R. 6075 is insuring equal employment opportunity for women, pure and simple.

The legislation attacks discrimination on the basis of sex by insuring that preg-

nancy—like other non-job-related disabilities—is included in employee benefit plans adopted voluntarily or by private agreement.

I urge expeditious passage of this anti-discrimination legislation. It embodies the principle of equal-employment opportunity written into the Civil Rights Act of 1964. Its time has come.●

CARTER SHOULD THROW THE BUM OUT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. McDONALD. Mr. Speaker, President Carter has delivered a verbal slap on the wrist to Andrew Young for his recent outrageous statement on political prisoners in the United States. How many more times will Andrew Young be allowed to torpedo U.S. policy? General Singlaub had to leave the U.S. Army for failure to get in line on policy. Is this a case of some people in the executive branch being more equal than others? Columnist James Kilpatrick raised this point in an excellent column that appeared in the Atlanta Constitution of July 18, 1978. I commend the column to the attention of my colleagues:

CARTER SHOULD THROW THE BUM OUT

(By James Kilpatrick)

WASHINGTON.—There comes a point, even in the most long-suffering relationship, when enough is too much. That point was reached last week with Andrew Young. President Carter, a baseball fan knows what he ought to do: Throw the bum out.

If Young were merely Citizen Andrew Young, or even Congressman Andrew Young, his outrageous conduct could be ignored. But he is Ambassador Andrew Young. He is publicly identified as the president's close friend and confidant. Mr. Carter has praised him without reservation as "the best" in his administration. But the ambassador doesn't want to play on the team. He wants to put on a grandstand performance, solo, popping off whenever it pleases him.

Let us keep the circumstances in mind. In Moscow, the trial had begun of Anatoly Scharansky on charges of treason. Mr. Carter himself had flatly denied that Scharansky ever had spied for the CIA. The president had protested and deplored the trial in every way open to a president. Secretary Vance, in Europe, had pointedly announced his intention to meet with Mrs. Scharansky to express American sympathy and support.

At precisely this point, Mr. Young came lumbering into print, flapping his irresponsible jaw. He gave an interview to a French newspaper, Le Matin, in which he pooh-poohed the Scharansky affair. The trial, he thought, was merely a gesture of defiance and independence on the part of the Soviet Union.

"After all," he added grandly, "in our prisons there are also hundreds, maybe even thousands of people I would call political prisoners."

When reporters caught up with Mr. Young in Geneva, and asked him to verify the quotation attributed to him, he willingly confirmed the remark. While nobody is in jail in America merely for criticizing the government, "there are all varieties of political prisoners." People are sent to prison in America "much more because they are poor than because they are bad."

This reckless performance on Mr. Young's part is quite simply indefensible. To say that there may be "thousands" of "political prisoners" in American jails is a lie. No semantic explanation can soften or excuse the bizarre accusation.

When will Mr. Carter agree that enough is too much? From the very beginning of his service in the Carter administration, Mr. Young has been a large embarrassment. As ambassador to the United Nations, he is supposed to function as a diplomat, but diplomacy has no appeal for Andrew Young. He has insulted the British. He has insulted the Swedes. He could not find the sense of restraint that might have prevented him from saying publicly that South Africa's Prime Minister Vorster is "very much over the hill intellectually and in every other kind of way."

The chronicle of Mr. Young's offenses against taste, truth and diplomacy runs on and on. In an interview in Playboy, he got in a slur at former Presidents Nixon and Ford. They were "racists," with "no understanding of the problems of colored people anywhere." In a second installment of his interview with Le Matin, he hurled a fantastic charge against Rhodesia's Prime Minister Ian Smith. Without one shred of evidence, Mr. Young said Mr. Smith was responsible for the massacre of white missionaries.

Mr. Young's record is not wholly disastrous, of course. He deserves much credit for improving American relations with such important African nations as Nigeria. He has established good working credentials with representatives of the Third World at the U.N., perhaps because many of them are as irresponsible as he is. But his few successful efforts pale before the damage he has wrought in this latest fiasco.

As a general principle, of course, it is admirable to be loyal to one's friends. Mr. Carter has been loyal to a fault to the Georgians around him. But if the president now fails to fire his loudmouthed ambassador, in the same way that he recently fired General John Singlaub for failure to play on the team, the president will have demonstrated a personal weakness that cannot easily be condoned.●

AN AFFIRMATION OF CONGRESSIONAL SUPPORT FOR BILINGUAL EDUCATION

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Ms. KEYS. Mr. Speaker, extended congressional support for bilingual education in American schools, as affirmed by the House of Representatives July 13 with the passage of H.R. 15, is a concept that has my wholehearted support.

It is essential that we keep our sights set on the multiple purposes of such education: To help language minorities acquire the skills they need to function in American society, to reinforce cultural enrichment and to underline the mission of education to bring each student to his or her own fullest potential.

H.R. 15 broadens the scope of previous bilingual education programs by reaching out not only to those children who speak little or no English, but whose skills are inadequate in reading, writing and understanding English. It mandates the hiring of teachers with true bilingual competency and provides, by virtue of an amendment by Mr. Simon, for schools to introduce students whose primary language is English to the classroom to facilitate the learning by the minority students. I think such inclusion is wise, both for the exposure it offers the native speakers of English as well as for the cohesion it will bring to the school unit.

My own district contains students whose schooling can be assisted by the offering of Spanish as well as native American languages, but I think we need to look as well to the rainbow of other languages our pluralistic culture nurtures—as many as 41 in one school district in this country and 68 in the national program. Such color should not be lost from our awareness, but neither should it be allowed to bar a child from his or her just opportunity for instruction. By using the children's native languages as media of instruction, we can begin to overcome the disadvantages public schools impose upon minority children.

H.R. 15 will require each district receiving assistance under this act to evaluate its bilingual education students after 2 years to determine his or her need to remain in the program. I hope the districts will read that provision as an interest by Congress in keeping children in the programs until they are capable of functioning adequately in monolingual classrooms and that the needs of each student should be met. Contrary to the misgivings of some, I think the provision will not provide needless paperwork, but will offer an opportunity for close scrutiny of each student's progress.

Finally, I would like to point out the clause in the bill that calls for an advisory council, comprising a majority of parents whose children are in the programs, to assist the project directors and comment upon applications for funds. With language diversity in this country ranging from Spanish to Chaldean, neither Congress nor the Office of Education is equipped to tailor each program to its district. With the help of the community and skilled educators, however, this bill will provide the vehicle for each district to help its own students overcome the difficulties inherent in language minority. Far from accomplishing its ends, bilingual education has just begun to equalize educational offerings for some students and I am pleased that the House of Representatives is prepared to stride forward.●

HONOR LATE SENATOR PAUL H. DOUGLAS

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. RUSSO. Mr. Chairman, recently the House passed legislation which will serve to honor a distinguished gentleman, a man who in the course of his life

and his work in the U.S. Senate brought honor to himself, his State, and his Nation. I applaud the passage of the amendment to the National Parks Act, introduced by my colleague, Hon. SIDNEY YATES. It renames the Indiana Dunes in honor of the late Senator Paul H. Douglas.

He was a great man, a good man, and he fought tirelessly the battle for human rights. Not only was he an effective legislator, he was a compassionate person, and a thoughtful one.

The late Senator Douglas thought a great deal about the Indiana Dunes in particular. He thought about the irreplaceable loss to the environment if this national treasure were not preserved; he thought about the future generations who would never experience the splendor of the dunes, and he fought a battle for them—and won. It became his consuming goal to save this beautiful piece of land, and it is fitting that we recognize his contribution by naming the Indiana Dunes National Lakeshore the Paul H. Douglas Indiana Dunes National Lakeshore. It is a magnificent park, and now it will stand as a memorial to a magnificent human being.●

RADIOACTIVE WASTE MANAGEMENT ACT OF 1978

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MOAKLEY. Mr. Speaker, today I am introducing legislation which seeks to provide States the right to prohibit Federal radioactive waste storage sites from being built within their boundaries.

We may never face a more pressing environmental problem than the storage of radioactive nuclear waste. It is my hope, through opening up the decisionmaking process by including States as full partners with the Federal Government, that a workable solution can be found.

This act, entitled "The Radioactive Waste Management Act of 1978," provides States with the option of vetoing any Federal radioactive waste storage site selection within its boundaries, either through the State legislature or by calling a Statewide referendum within 120 days of the Secretary of Energy's announcement of site selection.

This act does not seek to prevent a waste repository from ever being built, but it does seek to insure that the State selected will have a full role in the decisionmaking process by mandating a legal obligation for State consultation.

It is important for us to find a workable solution to this problem. Unlike other environmental pollutants, radioactive wastes remain hazardous for thousands of years; meaning they will have to be isolated for a time period longer than any manmade structure has survived.

Presently, there are about 74 million gallons of high-level radioactive wastes from the Nation's military weapons program being stored at three federally owned sites, with an estimated 41 million gallons more expected by the year 2000.

Civilian nuclear powerplant waste presently totals approximately 3,000 metric tonnes of spent fuel. On top of this, an additional 17,000 metric tonnes will be accumulated in the next decade.

The time to act is now. No site has been selected or licensed for a Federal waste repository and by passing this legislation in the 95th Congress, we can work to guarantee that all interested parties have a role.●

THE OUTLOOK FOR AGRICULTURAL EXPORTS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for July 19, 1978, into the CONGRESSIONAL RECORD:

THE OUTLOOK FOR AGRICULTURAL EXPORTS

As the trade talks now underway in Geneva reach the critical stage, the experts are saying that there can be no general agreement unless the American farmer gets satisfactory concessions. Few people who work in agriculture would dispute the experts' claim. The uncertainty of the export market is one of the greatest problems facing the farmer today.

Since farm exports began to surge upward in 1972, the farmer has come to rely on the export market to absorb an ever increasing portion of his production. In 1976 over 337 million acres were harvested—the most in two decades—and about 100 million of those acres produced for export. All in all, the farmer receives about one-fifth of his income from sales overseas.

The farmer is very aware that exports provide a critical stimulus to the farm economy. Farm exports of $22 billion in 1975 created nearly $50 billion in farm business activity during that year—$30 billion in the farm sector itself and another $20 billion in the support sectors that depend on farm exports. As concerns employment, about one-half million farm workers are required to produce for export. Another half-million people have export-related jobs in the support sectors.

The export situation seems to be stable in the short run. The value of farm exports was up 5 percent in 1977 to $24 billion, though volume was down 4 percent to 102 million tons. There was serious slippage in foreign demand for wheat and feed grains. However, many farm economists have forecast good exports in 1978. Value this year will probably range from $25 to $26 billion and volume should increase by a full 11 percent to 113 million tons.

These figures indicate that the farmer is more preoccupied with events a few years down the road. Will farm exports continue to rise or will they drop down to the pre-1972 levels? As I see it, there are several factors that may keep farm exports high in the future.

TRADE NEGOTIATIONS

A major factor, of course, is the current round of the Multilateral Trade Negotiations in Geneva. These negotiations are intended to free up world trade by reducing trade barriers. The farmer has a large stake in the outcome of the talks. It is essential that his export interests not be sacrificed to gain trade advantages for less efficient American industries. It is also essential that the protectionism of foreign agricultural markets be lessened.

WEATHER

Most meteorologists believe that the relatively good weather of the past few years cannot go on. Some of them have even predicted long-term changes in climate that could make American argiculture the permanent mainstay of the world food economy and the only hedge against starvation on a global scale.

WORLD POPULATION

Many demographers anticipate that by the year 2000 the world's population will approach 6.5 billion, possibly even 7 billion—as many as 2 billion more than were expected just a decade ago. World food needs will probably double by the year 2010.

ECONOMIC RECOVERY

The recovery of the world economy from the 1974–1975 recession is, despite its slow and painful character, another sign that our farm exports may pick up in the coming years. The pressures of inflation and unemployment are easing and solid economic growth targets are being set in many nations. Higher personal income abroad should boost farm exports as foreign consumers choose to improve their diets.

MARKETING POLICY AND EXPORT PROGRAMS

Observers have noted that the farm export surge of 1972 was prompted in part by careful market development and new export programs in the 1950s and 1960s. We may be able to increase farm exports even further with an aggressive marketing policy and forward-looking export programs.

TRADE WITH STATE-MARKET NATIONS

A final factor in the future of farm exports is our relationship with the state-market nations—especially the Soviet Union, the People's Republic of China and the countries of Eastern Europe. They represent the largest untapped market for our farm goods even though they bought about 12% of our exports in 1977. However, expanded trade with them awaits improvements in diplomatic relations and removal of legal barriers to trade.

Some of these factors are beyond our reach, but others we can control. Consequently, we should identify the things we can do to increase farm exports and then move as quickly as possible to see that those things get done. Many members of Congress—myself included—are sponsoring legislation to upgrade our export programs and to open the state-market nations to American farm products. The decisions we make today may not benefit the farmer immediately, but they will help him in the long run.●

THE VOICES OF PROTEST: WHERE HAVE THEY BEEN?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. MICHEL. Mr. Speaker, there have been and will be many words spoken and written about Captive Nations Week. I realize that nothing that I add to these thousands of words can dramatically alter events or convince the President to speak eloquently and frankly about the captive nations. For the second year in a row, the President has issued a bland,

vague, insensitive Captive Nations Proclamation. It reads as if it were the printout of a well-mannered computer rather than an outpouring of the human heart in a protest against slavery. The words "communism" or "Soviet Union" do not appear, evidently in deference to the sensibilities of Mr. Brezhnev.

But that, as I said, is beyond my power to change. I simply want to say this: For weeks the attention of the Nation and indeed of the world, has been drawn to the trials of two Soviet dissidents. Television and front page news told of their plight. Many who had never said an unkind word about the Soviet Union denounced the trials.

I am glad to see such a denunciation of Soviet trampling of human rights. But as I listened to the speeches calling for the freedom of the two dissidents, I could not help but wonder where some of these voices have been all these years. It is as if we awoke one morning and saw headlines: "Sun Rises in East." Why should that come as a surprise?

I suppose part of the silence can be explained by the fact that the trial of the dissidents received media attention while the fate of the captive nations has taken place beyond the glare of television lights.

There was no public trial for Poland. There was no public trial for Latvia, Lithuania or Estonia. Hungary was occupied and dominated. It lifted its head in 1956 and it was chopped off. After the first brutal blow of the ax American media did not pay attention. Czechoslovakia had its brief spring and saw it end in conquest and betrayal. There was media attention, but it ended and the Soviet tanks remained.

All of the people of Eastern Europe have seen their human rights trampled. But where have the voices of protest been? Once a year Captive Nations Week is ritualistically proclaimed—and then forgotten.

Denial of human rights? Every day, every single day, for 40 years in some cases, millions of Eastern Europeans have had their human rights denied and none of the fashionable American newspapers or television network news shows care enough to record any of that agony undergone day by day in ancient and honorable and once free nations.

I am glad that the conscience of the West was finally activated by the trial of these two unfortunate men whose only crime is wanting freedom. It shows at least that we still can recognize what communism means.

But I wonder how much of the protest we heard was the reaction of those who are ready to exploit a media event? I wonder how many of those whose vocabularies were stretched to the limits to find words tough enough to denounce the Soviets on the issue of the dissidents, would have the fortitude and the courage and, yes, the compassion, to say the same words once the television lights are off and the reporters go back to doing stories on how a "thaw" is taking place in Eastern Europe?

I wonder how many times during the next year we will hear the questions: What about Poland? What about the Hungarian people? What about Romania? What about all the nations now under Communist totalitarian domination?

Mr. Speaker, the Congress will not be remembered by history for the times its Members spoke eloquent words about freedom when the television lights were on. No, it will be remembered for those who spoke up during those long silences when it is not favorable to criticize communism.

To those who have expressed shock over the Soviet mockery of justice in the case of the two dissidents I say: Just what do you think has been going on for 40 years in Eastern Europe and since 1917 in the Soviet Union? Where were your protests all that time?

Where have all of these prestigious journalists and television commentators been all these years? To listen to them recently you would think that the trial and conviction of the two dissidents was something out of the ordinary.

Let me end by praising those, in the media and in politics, who have had the integrity and the courage and the compassion, all these years, to tell the truth about the Soviet Union when it was not fashionable to do so. They have been sneered at. They have been ignored. They have been ridiculed. They were looked down upon by the opinionmakers who were so busy creating fantasies about détente that they could not or would not believe the hard cold evidence of terror and oppression. When the winds of fashion change—and they will—those who care more about fashion than they do about justice will lapse, once more, into disgraceful silence. But there will always be a few to tell the truth. Perhaps, after all, that is all we can ever expect.●

THE ROAD TO PROSPERITY—PART XIII—THE JAPANESE ARE DOING BETTER WITH LESS

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. STEIGER. Mr. Speaker, my decision to propose a reduction in the capital gains tax rate was prompted, in part, by a concern over our trade posture. As ranking Republican on the Trade Subcommittee of the Ways and Means Committee, I have participated quite closely in trade negotiations. It has become evident that the United States faces increased competition from our trading partners. Unfortunately, the Carter administration does not have a trade policy.

The administration is relying on a devalued dollar to create demand abroad for U.S. exports. To regulate imports into the United States, the President is using orderly marketing agreements. Neither amounts to much of a trade policy.

What we have to do is increase the ability of American firms to be competitive both domestically and internationally. This requires lower taxes and more investment. One way to encourage investment is to lower the tax on capital gains. The United States has one of the highest tax rates on capital gains in the world. We do not encourage investment. Japan and Germany, our two strongest trade competitors, have negligible taxes on capital gains. There is a direct relationship between the tax on capital, the ability to invest, and the ability to compete in world markets. By lowering the tax on capital gains, Congress will help American firms attract the domestic investment necessary to compete.

I would like to insert in the RECORD a brief description of capital gains taxation in major countries. I have also included a letter explaining certain aspects of the Japanese and German tax systems. Secretary Blumenthal stated in his testimony to the Senate Finance Committee that Japan and Germany do tax capital. The letter clarifies the situation.

PART FOUR: TAX PROVISIONS AFFECTING INDIVIDUAL INVESTORS IN OTHER COUNTRIES

SUMMARY OF INDIVIDUAL TAXATION OF LONG-TERM CAPITAL GAINS ON PORTFOLIO INVESTMENTS IN TEN INDUSTRIALIZED COUNTRIES

This part of our study briefly describes the taxation of capital gains realized by individuals on the sale of portfolio stock investments in ten industrialized countries. It discusses gains from the sale of shares, as opposed to bonds, which is some countries are subject to different rules. Only portfolio holdings are covered, as opposed to closely held companies, the sale of whose shares in some countries is subject to higher taxation.

United States

One half of long-term capital gains are taxed (one-year holding period) at the ordinary rate. In addition, long-term capital gains are subject to a minimum tax and reduce the income available for the 50 percent maximum tax on earned income. These provisions produce a maximum effective tax of just over 49 percent. There is a 25 percent alternative tax on long-term capital gains not exceeding $50,000. Short-term capital gains are taxed at ordinary rates. Capital gains are also subject to state and local income taxes, which may increase the effective rate of taxation.

Australia

Long-term capital gains (one-year holding period) on portfolio stock investments are exempt from taxation. A 1974 proposal to tax long-term capital gains on securities was deferred indefinitely by the government. Short-term capital gains are taxed at ordinary rates.

Belgium

Capital gains on portfolio investments are exempt from taxation without regard to holding period.

Canada

One half of capital gains are taxed at ordinary rates (maximum 43 percent) without regard to holding period. Capital gains are also subject to Provincial taxes at rates ranging up to 14 percent.

Germany

Long-term capital gains (six-month holding period) on portfolio stock investments are exempt from taxation. Short-term capital gains are taxed at ordinary rates.

Italy

Capital gains on portfolio investments are exempt from tax without regard to holding period. If the investment is purchased with "speculative" intent, the gain is taxed at ordinary rates.

Japan

Capital gains on portfolio investments are generally exempt from tax, with the following principal exception. If an individual makes more than 50 trades during the year com-

prising a total of more than 200,000 shares of stock, the individual will be taxed at ordinary rates on short-term capital gains (5-year holding period) and on one half of the long-term capital gains. The individual is also permitted a statutory deduction of about $1,700 in computing the capital gain which is taxed.

Netherlands

Capital gains on portfolio investments are exempt from tax without regard to holding period.

Sweden

Forty percent of long-term capital gains (2-year holding period) are taxed at ordinary rates (maximum 58 percent). Short-term gains are taxed in full. In addition, a maximum deduction of SKr 1,000 (approximately $200) is permitted in computing the tax base. The taxpayer can treat one half of the net sales price as acquisition cost when calculating gains on quoted shares held for more than 2 years. Capital gains are also subject to local income taxes, with an average maximum effective rate of 11 percent.

United Kingdom

Capital gains are generally taxed at a flat 30-percent rate without regard to holding period. There is an alternative tax whereby one half of the gain is taxed at the ordinary tax rate and gains in excess of £5,000 are taxed at ordinary rates. If the alternative method is used, there is in addition a surcharge on the gain, which is treated as investment income. The maximum rate of the surcharge is 15 percent of investment income in excess of £2,000.

TABLE 4.—*Summary of individual taxation of long-term capital gains on portfolio investments in 10 industrialized countries—Maximum long-term capital gains tax rate and holding period required for long-term treatment*

United States, just over 49 percent*, 1 year.
Australia, exempt, 1 year.
Belgium, exempt, none.
Canada, 22 percent*, none.
Germany, exempt, 6 months.
Italy, exempt, none.
Japan, exempt, none.
Netherlands, exempt, none.
Sweden, 23 percent*, 2 years.
United Kingdom, 30 percent, none.

*Excluding State and local taxes.

DIVIDEND PAYMENTS AND CORPORATE INTEGRATION

The United States maintains a system of taxation whereby profits generated by a corporation are subjected to corporate income tax and distributions to individuals are subjected to full shareholder tax. This system, referred to as the "classical" system, gives rise to economic double taxation (as opposed to legal or juridical double taxation). No relief is granted at the shareholder level to take into account corporate taxes paid. Other countries maintaining a classical system include Australia, the Netherlands and Sweden.

A number of countries have adopted integrated tax systems. The term "integration" with respect to the taxation of a corporation and its shareholders is meant to encompass a system whereby the incidence of full economic double taxation is mitigated, in whole or part. Countries recently implementing such rules have provided for relief coming either directly at the corporation level, through either a split-rate or dividend-deduction system, or at the shareholder level, through an imputation credit mechanism.

Under the split-rate system, the corporate income tax rate for profits retained in the corporation is higher than on profits distributed to shareholders. Japan has adopted this system. Under the credit mechanism, the corporate income tax paid or accrued by the corporation with respect to distributed profits is partly credited against the shareholder's personal income tax. Countries using this system include Belgium, Canada, Italy and the United Kingdom. Germany has adopted a combination of split-rate and credit systems.

FINAL COMMENTS

We would like to add a few concluding comments of our own to this Part. The differences between other countries and ours in the tax provisions affecting individual investors are astounding. Every other major industrialized country appears to understand that capital gains should be treated quite differently from earned income and should be taxed at much lower rates than earned income—if at all. Most major countries have understood the need to eliminate or alleviate taxation of dividends at both the corporate and individual levels. The United States has not yet taken a serious step in this direction.

Finally, the taxation of investors should also be viewed in the perspective of national economic priorities, not just abstract considerations of equity. What is fairest to everyone is a national economy that is working well.

If a Government in a highly industrialized country such as ours imposes significant taxes on savings and investment earnings (interest, dividends, and capital gains) in addition to imposing taxes on earned income, a bias is created in favor of consumption. This is because income for consumer outlays for consumption is taxed only as it is earned.[1] On the other hand, funds that are saved and invested are taxed when originally earned and then the interest, dividends, and capital gains produced by their investment are taxed.[2]

As we have seen, most major industrialized countries create incentives to save and invest. Such policies stimulate individual capital formation; they help in the creation of new business; and they aid companies in building capacity and productivity. For these reasons, other countries generally tax capital gains at much lower rates than earned income—if at all.

Our present F.I.T. tax system creates a tremendous bias in favor of consumption and that is one reason why we have the lowest savings rate among the larger industrialized countries. We have a progressive income tax structure and due to changes in the tax laws that we have outlined, a progressive tax structure is applied to capital gains, dividends, and interest. Short-term capital gains, dividends, and interest income can be taxed at higher rates than earned income (i.e., up to 70 percent).

We believe the facts of our economic situation—and particularly our inflation problem—call for a change in emphasis towards encouraging capital formation by individuals, risk investments that help the growth and development of smaller companies, and greater capital spending to improve productivity.

INGALLS & SNYDER,
New York, N.Y., July 10, 1978.

Hon. CLIFFORD P. HANSEN,
U.S. Senate,
Hon. WILLIAM A. STEIGER,
U.S. House of Representatives,
Washington, D.C.

GENTLEMEN: This letter is in reply to the following testimony of Secretary of the Treasury W. Michael Blumenthal, before the Byrd subcommittee of the Senate Finance Committee, on June 28, 1978:

"Finally, I wish to say a word about the very loose international comparisons that have been made in the debate on this measure. Some proponents of S. 3065 have suggested that our economic performance—in areas of inflation, in employment, and growth—has fallen short of that of Germany and Japan because we tax capital gains while they, assertedly, do not. This line of argument ignores certain important facts. First, the United States has over the past few years outperformed most other industrialized countries, including Germany and Japan, in terms of real growth and increases in employment. Our inflation record is less satisfactory, but is nonetheless superior to several countries (e.g. Italy) having no capital gains tax. Second, Japan does in fact tax capital gains. As for Germany, it instead uses an even more comprehensive tax on annual increases in wealth, whether or not realized; I doubt that the proponents of S. 3065 would prefer the German system to ours. What all this shows is that making simplistic international comparisons on a tax-by-tax basis is a very treacherous business."

While Secretary Blumenthal did not specify to which international comparisons he was referring, the Ingalls & Snyder study entitled "The Diminishing Incentives to Invest", dated May 9, 1978, did contain a part, prepared by Price Waterhouse & Co., that outlined the main capital gains tax provisions for individual investors in ten major industrialized countries. Therefore, we should answer some of the points raised by the Treasury Secretary.

Our study does not indicate that Japan has no capital gains tax. Japan does have capital gains tax provisions, but very few individual investors are affected by them. This should be clear when one considers the following excerpt from page 34 of our study:

"Capital gains on portfolio investments (of individuals in Japan) are generally exempt from tax, with the following principal exception. If an individual makes more than 50 trades during the year comprising a total of more than 200,000 shares of stock, the individual will be taxed at ordinary rates on short-term capital gains (five year holding period) and on one-half of the long-term capital gains. The individual is also permitted a statutory deduction of about $1,700 in computing the capital gain which is taxed."

Unless a Japanese individual investor is extremely active in buying and selling securities (i.e. almost a professional trader) he is not subject to either long-term or short-term capital gains taxes.

In Germany, "long-term capital gains (six months holding period) on portfolio stock investments are exempt from taxation. Short-term capital gains are taxed at ordinary rates" (ibid, page 34). There is a net assets tax, however, which is imposed on individuals as well as companies and other institutions.

The net assets tax is an annual tax. Individuals are allowed liberal exemptions from it. There is an allowance of DM 70,000 for the taxpayer himself, an equal allowance of DM 70,000 for his spouse and one of DM 70,000 for each child under 18 years of age (and for each child between 18 and 27 years of age, if he is being educated and maintained mainly at the taxpayer's expense). A single taxpayer is also allowed a deduction of DM 10,000 from the value of investments, bank balances, etc. and a married couple is allowed a deduction of DM 20,000. Thus a family of four with an investment portfolio would have allowances totaling DM 300,000 (almost $150,000) that can be deducted before computing the net assets tax.

The annual rate of the net assets tax for

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[1] Sales taxes can be an additional factor, but they are generally small in relation to income taxes.

[2] See "The Tax Bias Against Savings," a chapter from *The Effects of Tax Policy on Capital Formation* by Norman B. Ture and B. Kenneth Sanden, published by Financial Executives Research Foundation, 1977.

individuals amounts to 0.7 percent of the assessable net assets. Because of the allowances the net assets tax is not applicable to the average German family. For the wealthy investor it is a factor but not a very significant one. When one considers that there are no taxes on long-term capital gains in Germany and that there are special credits for individuals aimed at alleviating the double taxation of dividends, we believe that very few German investors would be willing to exchange their investor tax provisions, plus the net assets tax, for ours.

The Price Waterhouse & Co. booklet "Doing Business in Germany" contains further information on the net assets tax which is somewhat complex in its application.

Making "international comparisons on a tax-by-tax basis" is not a simplistic approach to the problem of predicting the future impact of changes in tax laws. In effect, it is one of the few ways of making an educated guess about how U.S. taxpayers will behave, based on how people in industrial societies such as ours have responded to similar economic stimuli in the past. The outline we presented in our May 9th study was based on a considerable body of research and experience which all points to the same conclusion: our tax provisions for individual investors, particularly for larger investors, are confiscatory compared to those of other major industrialized countries. For example, much more extensive comparison of individual tax provisions in various countries, including tax provisions for investors, can be found in "The Effects of Tax Policy on Capital Formation" by Norman B. Ture and B. Kenneth Sanden, published by Financial Executives Research Foundation, in 1977, which was referred to in our text.

What has been the impact of the substantial increases in our capital gains tax rates since 1969 on our economic performance vis-a-vis other large countries, particularly those with no capital gains taxes? Obviously this is a complicated question. But the U.S. has the lowest saving rate among the major industrialized countries and our onerous tax provisions for individual investors must contribute to that unfavorable comparison. In turn, our capital investment in relation to Gross National Product is lower than for other major countries. Lagging capital investment aggravates a range of problems including our poor growth in productivity, our serious inflation and the difficulties experienced by many of our industries and companies when they compete in world markets.

Yours very truly,

OSCAR S. POLLOCK.●

HAROLD NORRIS' "THE LIBERTY BELL"

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

Mr. CONYERS. Mr. Speaker, a year ago during the celebration of Michigan Week the State senate invited Harold Norris to read his poetry that had been published in the Bicentennial year by the Harlo Press of Detroit and titled, "You Are This Nation." A professor of law at the Detroit College of Law, delegate to Michigan's Constitutional Convention, a principal architect of its bill of rights provisions, and author of several books including "Law, Lawyers, and the Constitution," Harold Norris has also been a significant poet.

In the introduction to his volume of poetry he writes:

I wrote, no, evolved these poems to project America not only as promise but responsibility, personal responsibility, that this nation is what each American does, that "you are this nation." Yes, I share, I hope deeply, as well as critically, the Whitman and MacLeish view of our nation as a land of unfolding vistas, and promise, and that poetry should express The American Proposition.

Harold Norris' poem, "The Liberty Bell," which follows is about that proposition, that the Bill of Rights is America's public morality and the Liberty Bell (its inscription reads, "Proclaim Liberty onto all the inhabitants thereof") is the symbol of the Bill of Rights.

Rejecting the notion that poetry is an instrument of elites and an esoteric art, Mr. Norris regards it as the truly public art that expresses foremost a people's ideals and a Nation's purposes. His own poetry has happily contributed to the revival of poetry as a public art. The great American poet Archibald MacLeish has called his poetry, not only authentically American but authentically human and the eminent political chronicler Theodore White was moved to remark, "it is poetry infused with an almost forgotten sense of love—love of country and people, love of America's monuments and places, love of its future and heroes. This is a Whitmanesque voice, whose sound has been too long absent from our hearts and our culture."

Harold Norris' poem, "The Liberty Bell," follows:

THE LIBERTY BELL

(by Harold Norris)

[From *"You Are This Nation,"* Harlo Press, Detroit, 1976]

Does the Liberty Bell lie in state
Silent as moments to the great
With symbolism out of date
And sound as hollow as its fate.

Or can you in your inner ear
The proclamation hear
When your newspaper is near
When your conscience is clear
When you vote without fear
When children sing and cheer.

Is there a sound effect
You can detect in
Your right to speak,
Your right to seek,
Your right to read,
Your right to lead,
Your right to choose,
Your right to prove,
Your right to fight,
Your right to strike,
Your right to pray,
Your right to play,
Your right to doubt, shout, know, grow, propose, oppose, elect, reject, expect, protect;
Your right to in your own way find
Your own inscrutable mind.

Listen in the night
Listen with all your might
With all your common sense
Now and in the future tense
Listen in the light
To your singing Bill of Rights
In the ring
Of the swing
And the swell
Of the cracked and silent
Liberty Bell.●

COMBATING PCP ("ANGEL DUST") ABUSE AND THE ILLICIT MANUFACTURE OR SALE OF THIS PERNICIOUS HALLUCINATORY DRUG

HON. BENJAMIN S. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. GILMAN. Mr. Speaker, last March I introduced H.R. 11727, a measure that was cosponsored by 13 of my colleagues on the Select Committee on Narcotics Abuse and Control, of which I am a member, and a measure that would place Phencyclidine (PCP) into schedule I of the Controlled Substances Act (Public Law 91–513, 84 Stat. 1242) and that would impose mandatory prison sentences for those who illicitly manufacture or sell PCP or any of its derivatives. Thirty-seven additional colleagues joined in this proposal on May 1, 1978 (CONGRESSIONAL RECORD, page 12020), and today, Mr. Speaker, I am pleased to announce that the following 12 colleagues have joined us in supporting this legislation: the gentlewoman from Illinois (Mrs. COLLINS), the gentleman from Illinois (Mr. DERWINSKI), the gentleman from Oklahoma (Mr. ENGLISH), the gentleman from Georgia (Mr. EVANS), the gentleman from New York (Mr. FISH), the gentleman from Iowa (Mr. LEACH), the gentleman from Pennsylvania (Mr. MARKS), the gentleman from New York (Mr. MITCHELL), the gentlemen from California (Messrs. RYAN and STARK), and the gentleman from New York (Mr. WALSH).

To date, the following 63 Members have cosponsored this proposal, including 20 Members of the Select Committee on Narcotics Abuse and Control:

Mr. Akaka of Hawaii.
Mr. Badham of California.
Mr. Beard of Tennessee.
Mr. Biaggi of New York.
Mr. Buchanan of Alabama.
Mr. Burke of Florida.
Mr. Carter of Kentucky.
Mr. Cederberg of Michigan.
Mrs. Collins of Illinois.
Mr. Cornwell of Indiana.
Mr. Corrada of Puerto Rico.
Mr. Coughlin of Pennsylvania.
Mr. de la Garza of Texas.
Mr. Derwinski of Illinois.
Mr. Dornan of California.
Mr. Downey of New York.
Mr. Drinan of Massachusetts.
Mr. Duncan of Tennessee.
Mr. Edwards of California.
Mr. Eilberg of Pennsylvania.
Mr. English of Oklahoma.
Mr. Ertel of Pennsylvania.
Mr. Evans of Georgia.
Mr. Fary of Illinois.
Mr. Fish of New York.
Mr. Florio of New Jersey.
Mr. Frey of Florida.
Mr. Guyer of Ohio.
Mr. Hillis of Indiana.
Mrs. Holt of Maryland.
Mr. Howard of New Jersey.
Mr. Hughes of New Jersey.
Mr. Kemp of New York.
Mr. Ketchum of California.
Mr. Krueger of Texas.
Mr. Lagomarsino of California.
Mr. Leach of Iowa.
Mr. McClory of Illinois.

Mr. Marks of Pennsylvania.
Mr. Mitchell of New York.
Mr. Mitchell of Maryland.
Mr. Murphy of Pennsylvania.
Mr. Murphy of Illinois.
Mr. Neal of North Carolina.
Mr. Ottinger of New York.
Mr. Patten of New Jersey.
Mr. Pickle of Texas.
Mr. Railsback of Illinois.
Mr. Rangel of New York.
Mr. Rodino of New Jersey.
Mr. Roe of New Jersey.
Mr. Roncalio of Wyoming.
Mr. Ryan of California.
Mr. Simon of Illinois.
Mr. Skubitz of Kansas.
Mr. Stark of California.
Mr. Treen of Louisiana.
Mr. Vento of Minnesota.
Mr. Walgren of Pennsylvania.
Mr. Walsh of New York.
Mr. Whitehurst of Virginia.
Mr. Wolff of New York.
Mr. Zeferetti of New York.

A complete text of this measure, along with my remarks, can be found in the CONGRESSIONAL RECORD of March 22, 1978, on pages 8160–8162. I wholeheartedly welcome the support of all my colleagues on this legislation that would impose mandatory prison sentences for the illicit manufacturer or sale of PCP, to date the most pernicious hallucinatory drug on the market that is being consumed by an estimated 7 million of this Nation's youth.

Mr. Speaker, under the leadership of the distinguished Senator from Maine, Senator HATHAWAY, and the distinguished Senator from Iowa, Senator CULVER, respectively the chairmen of the Senate Subcommittee on Alcoholism and Drug Abuse and the Senate Subcommittee on Juvenile Delinquency, these two subcommittees held joint hearings last month on PCP. Although pressing legislative matters in our Chamber prevented me from testifying before the joint hearing, I did, however, submit to that distinguished panel a statement regarding PCP intoxification, together with my legislative proposal (H.R. 11727) as to how I believe this Nation should attack that psychoses-schizophrenia inducing drug.

Mr. Speaker, in an effort to share these views with my colleagues, I am today inserting at this point in the RECORD the complete text of my statement and I welcome the thoughts and comments of my colleagues on my legislative proposal to combat PCP abuse and its unlawful manufacturing or sale.

STATEMENT BY REPRESENTATIVE BENJAMIN A. GILMAN (BEFORE THE SENATE SUBCOMMITTEE ON ALCOHOLISM AND DRUG ABUSE AND THE SENATE SUBCOMMITTEE ON JUVENILE DELINQUENCY ON PHENCYCLIDINE (PCP) JULY 14, 1978)

Mr. Chairman, I commend you and the distinguished members of the Senate Subcommittee on Alcoholism and Drug Abuse and the Senate Subcommittee on Juvenile Delinquency for holding these joint hearings on Phencyclidine (PCP), to date the most dangerous hallucinatory drug on the market and one that has supplanted the mind-crippling LSD that was so popular among our teenagers during the mid-1960s and early 1970s.

The devasting and debilitating effects produced by PCP intoxification—delusions of grandeur and persecution, superhuman strength, irrational, violent and unpredictable psychotic behavior capable of masking symtoms of schizophrenia—are well documented; the extensive usage of this horror drug by an estimated 7 million individuals, mostly between ages 12 and 25, are well-known; and the ease by which this drug and its more than 30 derivatives can be manufactured by anyone with an elementary knowledge of chemistry from readily available, inexpensive, over-the-counter chemicals is well-established. Law enforcement authorities have attributed hundreds of murders, suicides, accidential deaths and bizzare self-inflicted injuries to PCP intoxification. Profits from the sale of this pernicious drug are enormous. An investment of $100 can produce PCP worth a street value of about $100,000.

The salient question is: what are we as legislators going to do to try to stem this drug crisis that has reached epidemic proportions among teenagers who are the primary users of PCP?

As a member of the House Select Committee on Narcotics Abuse and Control, I have given considerable thought about how to attack the PCP problem. I do not claim, that my proposal is a panacea that will dry up the demand for this hallucinatory drug, but I do believe that it is a starting point. . . a step in the right direction, which I would like to share with this distinguished panel and hope that you would favorably consider this proposal when you consider S. 2778, the PCP Criminal Laws and Procedures Act of 1978, a measure that I would support.

On March 22nd, 1978, I introduced H.R. 11727, which, to date, has been cosponsored by 5" of my colleagues. My proposal is two-fold: it (1) would place Phencyclidine into Schedule I of the Controlled Substances Act and (2) would establish within section 401 (b) (1) (B) of that Act, which governs penalties for nonnarcotic Schedule I and Schedule II drugs, certain mandatory minimum prison sentences for those who unlawfully manufacture, despense or distribute PCP or any of its analogues, derivatives or variants.

As you know, Mr. Chairman, PCP is a nonnarcotic. synthetic drug. The criteria for placing a drug into Schedule I of the Controlled Substances Act are threefold: first, the drug must have "a high potential for abuse"; second, the drug must not have "a currently accepted medical use in treatment in the United States"; and third, "there is a lack of accepted safety for use of the drug or other substance under medical supervision."

PCP meets all three criteria for being classified as a Schedule I drug. The record is clear with regard to the abuse and danger that this hallucinatory, psychoses-schizophrenia inducing drug presents to the user and to those around him, and because of these dangers, PCP has not been medically approved for treatment in humans with assurances that the patient, under medical supervision, would be safe from the post-operative effects of this dangerous drug. The drug continues to be medically approved only for veterinarian use as an animal tranquilizer.

Unlike heroin, a narcotic, addictive-causing pain killer, some thought has been given as to whether this drug should be used for terminally inoperative cancer patients, thereby minimizing pain and suffering for these patients. But PCP does not possess this redeeming quality. It is a dreadful drug and accordingly, should receive the most stringent warning and control available under the Controlled Substances Act.

Under the leadership of the distinguished Senator from Illinois (Senator PERCY), the Senate unanimously adopted his amendment to place PCP as a Schedule I drug in S. 1437, the Federal Criminal Code, which passed the Senate on January 30, 1978, and to increase the criminal penalties for trafficking and manufacturing this pernicious drug. Rather than increase discretionary criminal penalties for manufacturing and trafficking of PCP, my preference is to provide stiff mandatory prison sentences for manufacturing and trafficking of this drug, thereby minimizing certain aspects of judicial sentencing discretion to require, upon conviction of violating my proposal, a specified mandatory prison sentence.

With regard to the second aspect of my measure—the unlawful manufacture, distribution or dispensing of PCP—anyone convicted of violating this proposed legislation would be subject to a mandatory minimum sentence of three years in prison with no parole eligibility. A convicted felon, regardless of whether the first conviction was drug-related, who subsequently is convicted of violating this measure, as a two-time offender, would be subject to a mandatory minimum sentence of not less than seven years in prison with parole eligibility after serving a prison sentence of five years.

With regard to an individual who unlawfully distributes or dispenses PCP or any of its derivatives to a person under 21 years of age, the convicted violator would be subject to a mandatory minimum sentence of eight years in prison with no eligibility for parole. An individual convicted of a felony, regardless of whether the prior conviction is drug-related, would be subject, as a two-time offender, to an imprisonment of not less than 11 years with parole eligibility after serving a prison sentence of nine years.

Any sentence imposed under my proposal would not be suspended and probation would not be granted. A sentence of imprisonment and a term of parole ineligibility imposed on the convicted violator would run consecutively to any other sentence imposed on the individual.

A court of competent jurisdiction would, however, have discretion and flexibility to reduce the term of parole ineligibility or imprisonment, to provide a term of imprisonment with no parole ineligibility, to place the violator on probation, or to suspend the sentence if the court found that (1) the individual's mental capacity was significantly impaired, (2) the individual was under unusual duress, (3) the individual was an accomplice whose participation in the prohibited offense was relatively minor, or (4) if the court found that after the arrest, the individual supplied law enforcement officials with information useful in the apprehension of anyone who violated this proposed measure.

Mr. Chairman, transferring PCP from Schedule II, where it is currently located, to Schedule I without providing stiff, mandatory minimum prison sentences for its unlawful manufacture or distribution would amount to cosmetic legislation, since the penalty for violating section 401(b)(1)(B) of the Controlled Substances Act includes, among other penalties, a sentence of not more than five years in prison, which, in my view, is not sufficiently stringent, considering the devastating mind-crippling effects that PCP can cause to its user. Commenting on the relatively lenient Federal and State penalties for the unlawful manufacture and distribution of PCP and several Maryland proposals to increase its penalties, The Washington Post in an editorial entitled, "PCP: Infernal 'Angel Dust'" (Feb. 27, 1978) stated:

"We suspect that as the terrifying effects of PCP become better known, more states will want to consider the thinking behind the Maryland proposals: That is, that given the ease with which PCP can be illegally produced and the profits that can be realized from its sale, it's important now to up the stakes for those who are either now in or considering this illegal line of work."

Mr. Chairman, PCP is a deadly drug. It is an hallucenogenic king cobra. Considering the inherent dangers associated with this

substance, it puzzles me why so many of our teenagers escape into this pernicious drug. In my view, one way to attack the PCP problem would be to provide maximum warnings to the public regarding the dangers of PCP intoxication and to provide stiff, mandatory prison sentences to those who manufacture or traffic in this substance.

Although a companion bill to H.R. 11727 has not been introduced in the Senate, I would welcome the thoughts and support of the members of the distinguished Senate Subcommittees on Alcoholism and Drug Abuse and on Juvenile Delinquency. It is not too late to introduce in this session of the Congress a Senate version of H.R. 11727 or to amend a germane Senate legislative proposal that would include provisions of H.R. 11727.

Again, Mr. Chairman, I commend you and your colleagues for holding these joint hearings on this vitally important subject and I thank you for affording me this opportunity to present my views to this distinguished panel.●

SIGMUND STROCHLITZ REMEMBERS

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. DODD. Mr. Speaker, on June 25, a Nazi march was scheduled to occur in Skokie, Ill., a town that is home to 7,000 survivors of Nazi concentration camps. Along with several other Congressmen, I organized a counterprotest to be held at the time of the Nazi demonstration. An editorial that appeared in the June 20 issue of the New London Day expressed an opinion that I should "stay home" and not add fuel to the fire.

The Nazi rally was, fortunately, never staged in Skokie, and the congressional demonstration was never held as a result. Men with swastika armbands never had the chance to walk the streets in a town where those who lived through the Nazi death camps would be forced to relive a nightmare. However, the intent of the Nazi march is a fact that cannot be ignored and cannot be forgotten.

The laws of our country guarantee first amendment rights to the Nazis, but not to the exclusion of the protests of those who remember the blind indifference that caused the extermination of 10 million Jews and gentiles. Sigmund Strochlitz is one man who cannot forget.

In response to the New London Day editorial, Mr. Strochlitz, a survivor of Auchwitz, wrote a letter that appeared in the July 1 edition of the paper. In that letter, he called attention to the need for protest instead of silence, involvement instead of ignorance, and an attention to past history that all too often repeats itself.

I would like to share with my colleagues the insights and eloquence of this man who has survived an evil that few of us can comprehend. Mr. Strochlitz has a great deal to say to us all:

IN THE AFTERMATH OF SKOKIE

The Nazis, after all, did not march in Skokie and the four thousand survivors of German Concentration Camps did not have to suffer the sight of swastikas on their streets or be forced to revive painful buried memories of their past.

The people in Skokie that I spoke to, even though still apprehensive, are relieved and so are probably all those well-meaning supporters and members of the American Civil Liberties Union, an organization established to uphold our right to free speech and assembly.

The sigh of relief, however, is only temporary. Nothing really has changed. The confrontation has only been postponed and the issues that have been raised in spite of Skokie have not been resolved and still defy clear cut answers.

Issues that first and foremost are dealing with fundamental principles on which our society has been built: the right of the individual and the role of the authorities. And what is even more important, how every one of us should react faced with matters of conscience in an age when most of us prefer to be just onlookers.

How these controversies will be resolved will determine not only if we can survive as free men just obeying the law of the land but also if our life will be meaningful by nurturing feelings of compassion and the willingness to take risks to defend our beliefs.

The American Civil Liberties Union, in what must have been an agonizing decision, elected to defend the rights of the Nazis to assembly and free speech. I was not surprised that many were outraged by that decision, arguing that you don't defend the rights of those who would deny those same rights to others after achieving power and further claiming that the First Amendment does not grant the right to everyone to say whatever he pleases, whenever he pleases, wherever he pleases.

But I would like to draw your attention to an interesting conversation that is taking place between Mr. More and Mr. Roper in "A Man for All Seasons":

More: What would you do? Cut a great road through the law to get after the devil?

Roper: I would cut down every law in England to do that.

More: Oh? And when the last law was down and the devil turned round you, where would you hide, Roper, the laws all being flat? Do you really think you could stand upright in the winds that would blow then? Yes, I would give the devil the benefit of law, for my own safety's sake.

Past History bears witness that More's arguments are more valid. And, even though I despise the Nazis and everything they stand for, the decision to defend them was probably right. There was no other choice. To argue differently is to weaken the restraint imposed on the majority by the First Amendment which is contrary to the interest of all those that value the benefits of living in a free society as a minority.

And yet, having said all that, I am personally baffled by the decision of the American Civil Liberties Union to assign Jewish lawyers to defend an organization whose proclaimed aim is to murder Jewish people. But what is to me even more disturbing and perhaps borders on lack of self respect is why those Jewish lawyers accepted the decision to defend the murderers of their people. Weren't they ashamed and overwhelmed by a feeling of betrayal—a betrayal of the victims—and didn't it occur to them that they are completing the killers' work?

Our faith proclaims, "Love your neighbor as yourself," but does not instruct to defend your enemy. Lawyers representing different faiths could have been chosen to defend the Nazis. For them the First Amendment would have been the main issue and not past history of their people, their right to life not being denied by the Nazis.

I have been told that the Nazis Party in the States is not a large one and I would like to believe it but the fact that thirty-two years after the Holocaust there are people that are proud to be called Nazis is by itself frightening. The fact that there is a Nazi propaganda movement that publishes hundreds of brochures with the most vicious lies, with the most vicious distortions of our past, should reawaken people of good will and prompt them to react. Books claiming that the Holocaust was a hoax are being sold and what hurts is that there is no outcry. Why are professors of History all over America not speaking out in one voice of outrage? And what about the American soldiers who liberated the camps? I saw them, their faces hardened by the horrors of war but unable to hold back their emotions. I remember them reassuring us, "It is all over," but we on the other hand unable to comprehend and believe that it is all over. Isn't it time for them to speak up? Nothing is more offensive than when the victim is being deprived of his memory. Nothing is more indecent than the attempt to kill the victim again. I find this all disgusting and ugly.

Dismissing the Nazis as a relatively small band of fanatics that should be ignored will not solve the problem. Asking our representative to stay home because the Nazi rally in Skokie will draw the politically bewildered and psychotics and that a confrontation could end up in violence is not paying attention to past history. Evil can only prevail if people of good will remain indifferent and are unwilling to stand up for what they believe in. All those that prefer silence and are unwilling to be involved, in the final analysis, consent.●

ELECTRONIC SURVEILLANCE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MAZZOLI. Mr. Speaker, in the next 2 to 3 weeks the House will be debating H.R. 7308, the Foreign Intelligence Surveillance Act of 1978.

The bill, with two narrowly defined exceptions that do not involve the communications of Americans, requires a judicial warrant for all electronic surveillance conducted in the United States for foreign intelligence purposes.

This complex and much-needed piece of legislation was reported by the House Permanent Select Committee on Intelligence on June 8, 1978, after 7 months of detailed study of the important issues involved.

During its own deliberations on the bill, the Intelligence Committee was able to benefit from the equally detailed studies into foreign intelligence electronic surveillance conducted over the past few years by the House Judiciary Committee and the Senate Judiciary and Intelligence Committees.

The result is a bill carefully and deliberately crafted to protect both civil liberties and national security.

Since it is so carefully crafted, it has drawn the support of both the intelligence community and groups such as the

ACLU. Of course, any piece of legislation that can command such support must of necessity be a product of a spirit of compromise. Thus, there are some provisions of H.R. 7308 that are not supported by all of its proponents.

As I noted in my supplemental views to the committee report, I would have preferred an across-the-board warrant requirement with no exceptions. But as I also stated in the committee report, I believe H.R. 7308 is a good bill, worthy of the support of my colleagues.

Its passage will assure the American people, for the first time, that their Government cannot intrude by electronic means into their personal conversations and activities unless a neutral and detached magistrate has first determined that there is just cause to do so.

Mr. Speaker, at this time I ask unanimous consent to insert in the RECORD an outline of H.R. 7308 that has been prepared by the staff of the House Permanent Select Committee on Intelligence.

FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1978—H.R. 7308.

(As Reported by the House Permanent Select Committee on Intelligence)

I.—WHAT ACTIVITIES ARE COVERED

Generally, all domestic electronic surveillance for foreign intelligence purposes, where warrant would be required for law enforcement purposes, plus NSA "watchlist" activity.

(1) Intentional targeting by any means of electronic surveillance of international communications of U.S. persons in the U.S.

(2) All wiretapping conducted within the U.S.

(3) Intentional acquisition of wholly domestic radio communications where a warrant would be required for law enforcement purposes.

(4) Installation or use of a monitoring device in the U.S. to acquire information not transmitted by wire of radio, where warrant would be required for law enforcement purposes (beepers, transponders, pen registers, T.V. surveillance).

II.—WHO MAY BE SURVEILLED

"Foreign Powers"

(1) Foreign government.

(2) Faction of a foreign government not substantially composed of U.S. persons.

(3) Entity openly acknowledged to be controlled by a foreign government.

(4) Group engaged in international terrorism.

(5) Foreign-based political organization not substantially composed of U.S. persons.

(6) Entity directed and controlled by a foreign government.

"Agents of Foreign Powers"

(1) Non-U.S. person standard.

A. Acts in the U.S. as an officer, member, or employee of a foreign power.

B. Acts for a country that engages in clandestine intelligence activities in the U.S. contrary to the interest of the U.S.

(2) U.S. person criminal standard.

A. Clandestine intelligence gathering activities which *may* violate law.

B. Other clandestine intelligence activities which do violate law.

C. Sabotage or terrorism.

D. Aiding, abetting, conspiracy.

A "U.S. person" is:

(1) A U.S. citizen or permanent resident alien.

(2) An unincorporated association composed substantially of U.S. citizens or PRAs unless it is a foreign power under (1), (2), or (3) above.

(3) A corporation incorporated in the U.S., unless it is a foreign power under (1), (2), or (3) above.

III.—FOR WHAT PURPOSE

Only to acquire *foreign intelligence information*, which is:

(A) Information *necessary* to certain defined security or foreign policy needs if information concerns U.S. persons;

(B) Information *relating* to such needs where the information concerns anyone else.

IV.—SURVEILLANCE AUTHORIZATION

(a) President, through Attorney General, approves surveillance, where Attorney General certifies surveillance is solely directed at:

(1) communications between or among (1), (2), or (3) foreign powers; or

(2) technical intelligence from property under control of (1), (2), or (3) foreign powers; and Attorney General approves and reports minimization procedures to Senate and House Intelligence Committees.

No U.S. person communications may be retained, used, or disseminated, if acquired under this approval mechanism.

(b) All other cases: approval by court order. Application to Special Court with appeal to Special Court of Appeals if application denied.

Special court

Sits continually in Washington, D.C.

At least one federal judge from each circuit.

Nominated by Chief Judges and designated by the Chief Justice.

Six-year terms (maximum of 2 full terms.)

Chief Judge of Special Court consults with the AG and the DCI on security procedures.

Special Court of Appeals

Six federal judges from the Washington, D.C., area.

Three of whom would constitute panel.

Nominated by Chief Judges and designated by the Chief Justice.

V.—CONTENTS OF APPLICATION

A. In all cases:

(1) Identity of Applicant, copy of Presidential authorization, and AG approval of application;

(2) Identity of target, basis for belief that it is a foreign power or agent of foreign power, and basis for belief that facilities targeted are used by foreign power or agent of a foreign power;

(3) Proposed minimization procedures;

(4) Proposed period of time for surveillance;

(5) Information concerning previous applications involving same persons, facilities or places;

(6) Executive certification that purpose of surveillance is to obtain "foreign intelligence information" and such information cannot reasonably be obtained by normal investigative techniques, with designation by the defined types of foreign intelligence sought.

B. Where (1), (2), or (3) foreign powers are the target:

(1) Such information about the surveillance techniques and communications of U.S. persons likely to be obtained as may be necessary to assess the minimization procedures.

C. Where individuals or (4), (5), or (6) foreign powers are the target:

(1) A detailed description of the information sought and the communications or activities subjected to the surveillance;

(2) The means by which the surveillance will be effected;

(3) Where more than one device is involved, their coverage and which minimization procedures apply to which device;

(4) A statement of the basis for the Executive certification in (A)(6) above.

VI.—WHAT FINDINGS MAY THE JUDGE MAKE

(A) Probable cause that:

(1) Target is a foreign power or agent of a foreign power.

(2) Facilities targeted are used by foreign power or agent of a foreign power.

(B) Proposed minimization procedures meet statutory definition.

(c) If target is a U.S. person, executive certification that information sought is "foreign intelligence information" and could not reasonably be acquired by normal investigative procedures is not clearly erroneous.

(D) If target is not (1), (2), or (3) foreign power, the period of time necessary to effectuate the surveillance, not to exceed 90 days.*

VII.—CONTENTS OF JUDGE'S ORDER

A. In all cases

Specifies:

(1) Identity of target and nature and location of facilities; and

(2) Period of time for surveillance (one year for (1), (2), or (3) foreign powers).

Directs:

(1) That minimization procedures be followed; and

(2) That common carriers or others provide assistance.

B. Where target is (1), (2), or (3) foreign power:

Generally describes the information sought, the communications subject to the surveillance, the type of surveillance involved, and whether physical entry is required.

C. Where target is individual or (4), (5), or (6) foreign power:

Specifies type of information sought and type of communications subject to surveillance, the means by which the surveillance will be effected, and when more than one device is used, their authorized coverage and what minimization procedures apply to which.

VIII.—MINIMIZATION PROCEDURES

Procedures particularized for each type of surveillance designed to minimize the acquisition, retention and dissemination of information concerning U.S. persons, consistent with the need of the U.S. to obtain, produce and disseminate foreign intelligence information.

Must be submitted with application.

Judge must approve, unless surveillance is type not requiring a court order.

Must be included in judge's order.

Only where judge approves surveillance, judge may assess compliance with them by reviewing circumstances under which information concerning U.S. persons was acquired, retained, or disseminated.

IX.—PROCEDURES FOR AGGRIEVED PERSON TO CHALLENGE LEGALITY OF SURVEILLANCE OR OBTAIN DISCOVERY

Upon government request all such actions will be removed from regular trial court to one of the Special Courts.

(1) Special Court of Appeals (3 judge panel) will decide matter if government states that it does *not* intend to use information obtained or derived from electronic surveillance.

In camera.

Ex parte.

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* Where the target is a (4), (5), or (6) foreign power, if the Judge finds probable cause that no individual U.S. person's communication will be acquired, extensions of an order may be for as long as one year.

Disclosure to defendant only where due process so requires.

(2) Special Court (one judge) will decide matter if government concedes that it *does* intend to use such information.

In camera.

Disclosure to the defendant only where there is a reasonable question as to the legality of the surveillance and disclosure would likely promote a more accurate determination of such legality, or where such disclosure would not harm the national security.

If surveillance determined to be unlawful, judge must suppress evidence or otherwise grant motion in accordance with existing law.

If surveillance determined to be lawful, judge must deny all motions.

X.—MISCELLANEOUS PROVISIONS

(a) Common carriers:

Must provide assistance if furnished with copy of warrant or attorney general certification that no warrant is required.

Cannot disclose existence of surveillance.

Relieved from civil liability for all actions in conformity with warrant or certification.

(b) Emergency surveillance:

24 hours without warrant.

Warrant must be sought as soon as possible even if surveillance is terminated before end of 24 hour period.

If warrant denied, no information derived from surveillance can be used or disclosed unless it indicates a threat of death or serious bodily harm.

(c) Civil and Criminal Liability for violations of bill or order issued under it.

(d) Authorizes testing, training, and countermeasures without a warrant.

(e) Congressional oversight:

Semiannual report to intelligence committees by AG.

Fully informing them of all electronic surveillance under the bill.●

AIRBUS AND THE AMERICAN AEROSPACE INDUSTRY, PART 3

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. HANNAFORD. Mr. Speaker, the competition in the world aircraft marketplace is not restricted to the airframe manufacturers. It also includes the jet engine manufacturers. The sale of Lockheed Tristars to Pan American Airlines exemplifies this issue, because it was the engine manufacturer, Rolls Royce, that obtained British Government financing sufficient to sew up this sale.

Mr. Speaker, today I insert the last of three articles on this important issue from the July 2 edition of the Los Angeles Times. It illustrates the wide spectrum of industry that is affected by this foreign competition and how this competition is not technological, but financial, in character.

AIRLINES' CHOICE: DEALS, NOT DESIGNS, WIN ENGINE BATTLES

While the aviation world is captivated by the struggle to bring forth a new generation of jetliners, there's an equally fascinating sideshow going on: The Great Engine Battle.

For decades aircraft makers offered new planes with only one choice of engine, and for decades that engine was manufactured by Pratt & Whitney, a division of Hartford-based United Technologies. Pratt's total dominance of the industry—it claimed 90% of the market by the late 1960s—bestowed a great calm on the business.

But that calm was shattered in the late 1960s when two innovative and capable competitors—General Electric of Fairfield, Conn., and Rolls-Royce of Great Britain—captured substantial orders on new commercial-airplane programs. GE's CF-6 engine was selected by McDonnell Douglas to kick off the DC-10 program. And Rolls' RB 211 engine was chosen by Lockheed to launch the L-1011. To date GE has captured 43 percent of the market for widebody engines and Rolls 22 percent. The result: competition for engine sales now is just as heated as the competition for airframes.

For engine manufacturers stakes in the upcoming airline reequipment cycle are gigantic about $16 billion of the $75 billion estimated to be spent on new aircraft in the next decade will flow to engine manufacturers. That amount will more than double when replacement engines and spare parts are thrown in.

The airlines are looking to more fuel-efficient engines for much of the saving they hope new-generation planes will bring. Since 1973 the price of fuel has tripled; today it is second only to labor in airline costs. In addition, carriers need quieter engines that will meet new federal noise regulations that take effect in 1981.

With these specifications in mind the airlines, just as they have been sending airframe manufacturers back to their drawing boards have repeatedly sent engine manufacturers back to theirs.

For example, Pratt & Whitney has been involved in protracted and painful negotiations with American Airlines. Pratt is developing a new family of engines called the JT10D, at a cost of $500 million. It originally designed the engines to fit two of Boeing's proposed new planes, the 757 and 777. But American now is insisting that these engines also fit a third Boeing entry, the 767.

To meet American's demand, Pratt would have to increase the engine's thrust. That, however, would bring it perilously close to the size of other Pratt engines. For a manufacturer to recoup the big investment of developing a new engine generally requires that the engine be significantly different from those the company already has on the market. Thus, the parties have been unable to freeze a design for the JT10D.

Curiously, technology is a relatively small factor in winning a big order, because all three engine makers offer reliable power plants. As a General Electric executive says, "You reach parity or die. A technological breakthrough can only last about one year before the others catch up."

Among people who run airlines, Pratt engines are regarded as tough and rugged, G.E.'s machines are admired for their modular design that allows for easy maintenance, and Rolls are noted for incorporating new materials quickly. But aside from that, there is relatively little to distinguish any one engine from its competition.

Moreover, there is little prospect of a major technological advance in engine design, such as occurred with the engines developed for the wide-bodied jets.

GE and Rolls Royce are using essentially the same engine core as they employ in existing engines, but are reducing the size of the fan to produce the intermediate-sized power plant desired for the new jetliners. Pratt & Whitney is going the more expensive route of developing a new engine core. Its engineers expect it to yield as much as a 10% gain in fuel economy over existing engines, but airline officials so far are skeptical that this can be achieved.

So the battle has shifted to the marketing field, where engine makers are sparring to see who can offer the best performance guarantees and financing terms.

The intensity of that struggle was dramatically highlighted last April when a major escalation in the engine battle took place.

Pan American set off the fireworks when it acquired 12 Lockheed L-1011s with Rolls engines. To insure the deal, Rolls won guarantees from the United Kingdom covering the financing of not just the engine sale, but the entire $500 million transaction. Rolls offered terms so generous (no down payment, 15-year loans) that they violated an international gentlemen's agreement among Western nations and set off alarms from California to Washington.

Fallout from the deal was clear. First, Rolls, if it offers such enticing terms to other airlines, could share a substantial portion of the new engine business in the 1980s.

"It showed the lengths Rolls was willing to go to in order to break back into this market," says an airline vice president. Warned another executive, "Rolls is the most aggressive engine maker now. Do not count out the possibility of a Boeing family offered with Rolls engines, with guarantees part of the package."

Second, while that scenario may not seem entirely plausible—after all, even the British treasury may be hard pressed to deliver tens of billions' of dollars worth of guarantees—all three manufacturers now may be forced to cough up fancy financing packages.

The outcome of all this skirmishing is far from clear. But one thing seems certain: there will be no return to the relatively tranquil days of a decade ago.●

PROPERTY TAX REFORM

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ARCHER. Mr. Speaker, I have received the attached article written by a constituent in Houston and I believe my colleagues will gain further insight into the so-called Taxpayer's Revolt by taking the time to read Mr. Ratliff's article.

PROPERTY TAX REFORM, AN IDEA WHOSE TIME HAS COME

An accurate description of the property tax or ad valorum property tax would be the "selective property tax." In many taxing jurisdictions, the net results of its application is that much property is not taxed at all.

Historically, the property tax is one of the oldest levies currently used by modern governments. As various governments have come to rely on this tax as a source of revenue, a system developed in which inequities arose in the administration of equal and uniform assessments of the tax. It is these inequities that have continually perplexed both students and scholars of the property tax system, giving birth to strong arguments for abolishing the property tax system.

In 1968 the taxpayers of the State of Texas passed a constitutional amendment for the gradual fading out of the property tax as a source of revenue for the state government. However, the property tax was never an important source of revenue for the state gov-

ernment. For example, ad valorum taxes in 1968 contributed only about 2.55 percent to the total revenue sources for the state government, compared to a 5.5 percent revenue source from the sale of automobile licenses and a 5.8 percent revenue source from the cigarette and tobacco limited sales tax.

However, on a local level, the property tax contributes a significant portion to both cities and school districts. It is the problem of financing for state public school systems that has given the major impetus to the more recent reform in the property tax system.

The United States Supreme Court decision of March 21, 1973, on the case of *Rodriguez* v. *San Antonio Independent School District* surprised many but seemed to continue a philosophy stated when the California Supreme Court ruled that California's school finance system was unconstitutional if the quality of a child's education depends on the wealth of the parents and neighbors.

But this decision did not come out of a void. In 1969 an Illinois Federal Court rejected an appeal for statewide apportionment of school funds based on "educational needs." This decision was upheld by a summary ruling in the U.S. Supreme Court in 1970.

Subsequent lawsuits carefully avoided the educational need test but dealt specifically with discrimination on the basis of wealth.

Various studies by governmental agencies and professional educators have failed to establish any connection between provisions for school facilities and quality of education and that a child's family background and pre-school environment have a far greater effect on his educational achievements than other factors. That is, such variation in school expenditures whether for teachers, teacher training, books, etc. have such slight educational significance. They are not a measure of success of an educational system. It is felt by many that this ignoring of the obvious is the result of the deteriorating educational achievements of students through not only the state, but the nation. For this reason, any method of raising revenue to replace the public school financing responsibility of the property tax revenues must be done with care.

The property tax by nature is a local tax. The citizen taxpayer is in a position to see and know of abuses of the taxing system and the use of funds and to induce local officials to change.

If the schools and municipalities turn to the federal government and ask them to supply these revenues, we will succeed in surrendering whatever local control we have over our existence. Already the threat of withdrawing certain federal aids to public education unless the schools comply with federal guidelines is being made. Caution must be exercised also so as not to surrender local control to a state bureaucracy which could become equally insensitive.

In the Rodriguez decision, the Court held that while Texas school finance laws fostered serious inequities in educational opportunities made available to public school students, they did not violate provisions of the Constitution. While not requiring immediate changes in the Texas law, the Court stressed the responsibility of the Texas Legislature to address existing flaws. Since Texas public school finance relies heavily on property taxes as a revenue source, the Texas Legislature in turn took this as a mandate to revise the property tax laws.

In the 64th Legislature, five comprehensive school finance bills were introduced. Section 10 of H.B. 1126 authorized a more thorough review of the methods used to determine value of taxable property in each of the state's school districts.

Following the 64th Legislature, the Governor's Office of Educational Research and Planning (GOER) which had been created to conduct a comprehensive study of school finances and develop legislative proposals, found that the method of property taxation called for and limited by the State Constitution ignored some of the realities that tax assessors-collectors face. Under the Constitution, taxable property includes household goods and intangibles. But the tax assessor includes household goods and intangibles. But the tax assessor lacks legal authority and/or practical ability to locate and assess such properties. So they are generally omitted from the property tax rolls, except when a taxpayer makes a voluntary rendition.

GOER's attempt to codify Texas property tax laws led to political infighting, and the Lt. Governor set up a special committee to deal with the codification issue.

In the minds of some state officials was what action or supervision the Federal government may undertake in the revision of property tax laws. Federal law provides that the U.S. District Court shall not enjoin, suspend, or restrain the assessment, levy, or collection of any tax under state law where a plain, speedy, and efficient remedy may be had in the courts of the state.

The purpose of the property tax, like all taxes, is to raise revenues for the operation of the government body. In a municipality, school district, or other taxing jurisdiction, the chief executive officer, usually the mayor, or superintendent, prepares a budget listing the required financing expenditures and revenues for the next year. The assessor presents the list of properties and present market value of such properties to the chief executive officer and notes which are exempt. Simple arithmetic involving the total tax rolls, the budget requirements, the assessment ratio, and the tax rate are then set to provide the needed revenues.

The assessment ratio, although recognized by the courts as legal when the same ratio is applied to all property in a taxing authority, has no basis for existence under the State Constitution. The only consistent admitted reason for its existence is to hoodwink the taxpayer. A taxpayer, protesting a tax he thinks is too high, is frequently mollified to find that the tax is based on some value that is less than the existing market price.

The popularity of the use of the assessment ratio among politicians only indicates the success that this simple device has achieved. Such a departure from true assessment level means that the taxpayer can only guess if he is being treated equally and uniformly under the taxing laws.

On the assessment of any property, there are three items that must be considered; the tax rate, or dollars per $100 rate; the assessment ratio, a percentage figure equal to or less than true market value; and the date of the assessment. Date is the most abused of the three items.

Section VIII of the Texas Constitution says that taxation shall be equal and uniform. The courts have held that to be equal and uniform, the valuation for the property in a taxing jurisdiction must be done on the same day. Usually this day is January 1 but can and may vary.

In many taxing jurisdictions, the tax assessor-collector lacks sufficient staff to do the job properly. The procedure is to revalue properties that he knows have increased the most in value to generate the most tax revenues. Or he revalues those properties which are easiest to find such as real estate. Informed taxpayers have protested in the courts which led to a scheme where only a portion of the taxing district would be revalued every year. Under this cycle plan all properties would be revalued, and placed on the tax rolls in the year they were revalued.

This plan has inherent abuses. In exchange for political favors or bribery, properties have been left off the revaluation schedule. When confronted with this evidence, the tax assessor can point out that this was not the year to revalue that piece of property. This results in a great savings to the property owner when the property is on the tax rolls for years at the lesser value.

Lack of funds to hire the necessary manpower for annual reassessments, rather than political chicanery forced Corpus Christi to adopt a four-year cycle plan. In 1975 a taxpayer filed and won a lawsuit which forced the city to revalue the city within 120 days of a tax year. The city did the revaluation rather than appeal the lawsuit.

During the next year, Corpus Christi gained about $1,080,000 net, more than projected because of the annual revaluation process. In the second year of annual revaluation, about 85 percent of the taxpayers had their taxes lowered.

By applying the equal and uniform concept of the State Constitution, in a year of inflation and soaring property values these taxpayers paid lower taxes than during the previous year.

The main argument against annual revaluation is that the taxing jurisdiction is too large to be physically possible.

Of the several tax reform bills considered by the 66th Legislature, the Peveto Bill (H.B. 846) is the best known perhaps because its authors held hearings in various cities to gather input for their plan. At every location of the hearings, Realtors and others involved in real estate appeared to testify against inequities of this bill. The Austin politicians have credited Realtor opposition to this bill as the reason for its defeat.

ALPHA CHI PI OMEGA TO HOLD STATE CONVENTION

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ANDERSON of California. Mr. Speaker, from July 29 through August 1, 1978, the Alpha Chi Pi Omega Sorority and Fraternity will hold its annual California State convention at the Queensway Hilton Hotel in Long Beach, Calif. It is indeed an honor to host the members of this outstanding organization in our district, for it not only has a long and distinguished background, but has become a major source of community leadership in the 44 States with active chapters.

Organized on October 27, 1945, in Washington, D.C., the organization was founded by Dr. Mary Mcleod Bethune—founder and then president of Bethune

Cookman College of Daytona Beach, Fla.—the late Representative William L. Dawson (D-Ill.), and Dr. Marjorie Stewart Joyner. The Alpha Chi Pi Omega Sorority and Fraternity was the first national black Greek letter organization of its kind in the United States.

The original purpose of the founders of the society was to raise the educational and cultural standards of the men and women in the beauty culture professions. At the time, cosmeticians and beauticians were not considered professional people, and many States did not require licenses for those trades. Through membership in Alpha Chi Pi Omega, men and women in these professions have been encouraged not only to develop and improve their professional skills, but also to continue their educations. In addition, travel has been an important tool for improvement, with members traveling throughout the world, meeting with world leaders and broadening their own backgrounds and knowledge.

In many respects, the organization drew its inspiration from one of its cofounders, Dr. Mary Mcleod Bethune. Born a slave in North Carolina, this black woman became a pioneer in our Nation's struggle for equal opportunity for minority groups and for women. She originally founded Bethune Cookman College with a total endowment of $1.50. Today, with the grateful help of Alpha Chi Pi Omega, it is a fully accredited institution of higher learning with graduates in many important walks of life.

Alpha Chi Pi Omega has also grown tremendously since it was founded in 1945. And the impact it has had, not only on the beauty trades, but on our society as a whole, has been highly important in a number of ways.

As one of the first primarily minority associations to recognize the importance of education and the vote, it helped pave the way in our struggle for civil rights. Today, its concern for human welfare continues as the primary thrust of its activities.

In my own congressional district in southern California, the Pi Rho Sigma Chapter of Alpha Chi Pi Omega is based in San Pedro. This chapter provides an outstanding example of the community involvement in which the association takes pride.

The Pi Rho Sigma Chapter is active throughout the Los Angeles Harbor area on a number of fronts. They run the area's summer program for economically disadvantaged youth (SPEDY), which helps to provide summer employment for young people between the ages of 14 and 21. The chapter also provides the monitors for the program.

In addition, the Pi Rho Sigma Chapter sponsors a program for preteenagers on behalf of the Los Angeles City Department of Recreation and Parks, and sponsors Teen Post 916 in the harbor area. Under the Older Americans Act of 1965, this chapter runs an outreach program for senior citizens, helping them in obtaining the services available to them in the harbor community.

Mr. Speaker, the outstanding work being performed by San Pedro's Pi Rho Sigma Chapter of Alpha Chi Pi Omega is representative of the active role this organization plays in communities throughout our State. Thus, it will indeed be a pleasure to welcome the California members of this fine organization when they arrive in Long Beach for their annual State convention.●

RATIFICATION OF EQUAL RIGHTS AMENDMENT

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. EMERY. Mr. Speaker, yesterday the House Committee on the Judiciary considered the House Joint Resolution 638, a measure designed to extend the ratification period during which States may ratify the Equal Rights Amendment.

House Joint Resolution 638 in its original form would have doubled the original ratification period of 7 years. It was clear that such a lengthy extension would not be approved in committee. My colleague from Maine, BILL COHEN, engineered an effective compromise amendment which provided an extension until June 30, 1982. This compromise amendment was accepted by the House Judiciary Committee yesterday afternooon, and early last night House Joint Resolution 638, as amended, was favorably reported to the full House by a vote of 19 to 15.

In light of the fact that the extension issue continues to be a controversial subject and will shortly be considered by the full House, I request that BILL COHEN'S excellent statement in support of the compromise resolution be inserted in the RECORD at this point. BILL'S thoughtful and persuasive comments, in my judgment, are worthy of the attention of all Members and citizens who are committed to the important goal of realizing equal rights for all of our citizens.

The Cohen statement follows:

STATEMENT OF HON. WILLIAM S. COHEN

It is clear from the debate today that we are negotiating our way up a path that is not fully cut, and one that is only partially lighted. The lack of clarity in the law is compounded by the intensity of emotion generated by advocates and opponents of the matter before this committee.

There are essentially two questions before us—one of power, one of policy.

According to the Justice Department, Congress has the power to determine a reasonable period of time for the ratification of a constitutional amendment when initially passed by Congress, and the power to determine what is reasonable when no time limit is specified—and according to the Justice Department, it has the power to extend a time period when it is not a substantive part of the amendment itself, but in the resolving clause as is the case of the equal rights amendment.

I believe Congress has the power to extend and the critical question, the one that I and the other members of the committee have been struggling with, is the one of policy—of fairness, of equity—what is the appropriate course of action to follow taking into account the importance of the question, the viability of the debate, the contemporaneity of the issue, and whether events and circumstances have so changed that the amendment is no longer relevant to current events or to the conception that inspired its original passage?

Since this is a congressional question rather than a judicial one, I think we should place this issue in a larger time frame of our history as a Nation.

In one of Abigail Adams' letters to her husband, John, she encouraged him to modify the British laws and customs that dictated the near total subordination of a woman's status and identity to that of the man. She asked him to "remember the ladies."

Well, something happened on the way to the convention—neither Adams, nor Jefferson, nor Madison, nor Hamilton seemed to remember the ladies—they were not included in the Constitution, and women have been struggling for nearly 200 years to secure the basic rights that are guaranteed to men, ones that we accept as self-evident truths.

One of the principal arguments against the equal rights amendment and any extension is that the amendment is unnecessary—that many, if not most of the rights have been granted or are being granted by statute or judicial decision or could be achieved through an expanded interpretation of the 14th amendment. In other words, this amendment will simply clutter up the Constitution.

It is written in the Declaration of Independence that we hold these truths to be self-evident—that all men are created equal. Well, we have learned through the painful experiences of history, including a bloody Civil War, that not all men were created equal in the eyes of the law and it took the 13th and 14th amendments to clutter up the Constitution and declare that the color of one's skin was not a rational or fair determination of one's rights.

Today, we have many laws that seek to eliminate an irrational or prejudicial bias against women. There are many more that remain. I submit that the 27th amendment to the Constitution will be no more redundant for women than the 13th and 14th amendments were for ethnic or racial minorities. I maintain this is much more than a symbolic gesture, but if it were only symbolic it would be no less important. Our lives, our values, our social conscience are strongly influenced by symbols. "The flag is a bit of bunting that men have opened their veins for" because it is a symbol of those virtues and those values without which life is not worth living.

The thrust of the amendment is to allow each person to achieve the highest level of his or her potential. Nothing could be more fundamental than allowing each individual the opportunity to reach as high as his or her talent will allow.

Opportunity for achievement should not be based upon quotas or upon race or religious beliefs or upon gender—but upon merit and qualification—upon ability.

Justice Holmes once noted: "The hell of the old world's literature was when people were taxed beyond their powers; but there is a deeper abyss of intellectual asphyxia—when powers conscious of themselves are denied their chance."

This is at the heart of the matter. That not just for years, not just for generations, but for centuries, women have been regarded as being less than deserving of full and equal rights and responsibilities in our societies. That powers conscious of themselves have been denied their chance.

By sheer accident of birth, by an uncalculated fusion of chromosomes, a majority of the citizens in our society, regardless of physical ability, regardless of intellectual capacity, regardless of their potential for social contribution, are granted different rights,

enjoy greater preferences, and suffer greater prejudices.

Let me just say a word about responsibilities, for that is the corollary to rights. I not only want to remember the ladies, I want to remember the men. When I was practicing law, I handled my share of domestic cases. Nothing was more frustrating to me or struck me as being unfair than the rule that the mother was automatically entitled to an award of custody—irrespective of the facts, as to the love, the care or the devotion of the father, the closeness of his relationship to his children. He was presumed by law to be inferior in his capacity to care for his children.

That is not fair or equal treatment to the men in our society, but it is the inevitable result when we insist upon following a rule of thumb instead of a rule of reason, when we insist upon the mechanical application of rules that are rooted in the past, or sunk in the mire of prejudice.

The issue, we are told, is not the substance of the equal rights amendment, not the merits, but the process and the procedure.

I mentioned at the outset that it is my belief that Congress has the power to consider whether or not to extend the time frame of a proposed constitutional amendment, and that the critical issue is one of policy.

And so in weighing the equity of a policy that we are given the choice of pursuing or foreclosing, I believe we must consider the centuries of discriminatory policies which over the years have denied women a separate legal existence if they were married, denied their right to own or sell property, denied them the right to vote and to the present day has denied them the right to equal participation and responsibility in our society.

I conclude that in fairness, as a matter of equity, a period of extension should be granted—to allow a continuation of the debate in a rational and informed fashion.

And for these reasons I urge the adoption of the amendment.●

SCHARANSKY-GINZBURG TRIALS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. WOLFF. Mr. Speaker, today I wish to join with my colleagues, and with the millions of people throughout the world, in expressing my outrage and deep dismay over the trial and sentencing of Anatoly Scharansky and Aleksandr Ginzburg. These tragic events unfolded while I was out of the country, in the People's Republic of China, exploring the many issues involved in normalizing relations with that country. Thus, this is my first opportunity to officially comment on the outcome of these trials.

I am deeply saddened by the brutal sentences given Scharansky and Ginzburg. On the personal, humane, level this is a calamity for Ginzburg, who, because of his ill health, is unlikely to live through the rigors of his sentence; and Scharansky is also likely to develop a serious health problem, as the Soviet prisons are known for their inhumane conditions. Soviet hard labor camps do not even meet standards established by the United Nations for the minimum amount of food necessary to survive. On the level of United States-Soviet relations, the harsh sentences are having disastrous consequences. The Soviets could have played down the trials or avoided them altogether. Relations between our nations are being strained severely.

Scharansky and Ginzburg, though charged with "espionage and anti-Soviet activities" were obviously on trial for the "crimes" of wanting to emigrate to Israel, and monitoring Soviet human rights abuses. The Soviets tried to construct a facade of legitimacy by the formality of a civil trial. The spurious nature of these trials was clearly demonstrated by the transparent evidence. The Soviets fabricated a Scharansky "connection" to the CIA, because his apartment mate, Sanya Lipavsky, was a "walkon" volunteer for the CIA for a short time. It is tragic that the CIA did not realize the intent of this ploy until it was too late, and the Soviets could use this tenuous device to implicate Scharansky.

In a hearing yesterday I asked Mrs. Scharansky whether she or her husband had any connection at all with the CIA. Even in her soft voice, her answering "nyet" was a thunderous indictment of this sham of a trial, which labelled "treasonous" Scharansky's courageous acts to stand up for the truth. What profound wells Scharansky must draw his courage from, to spend 13 years in prison and exile to defend the human rights of his countrymen and himself.

The campaign of repression against dissidents did not begin with Scharansky and Ginzburg. These trials are just part of the continuing efforts by the Soviets to wipe out all dissent in the U.S.S.R. The so-called crimes of Ginzburg and Scharansky are the same as those which Uri Orlov and Ida Nudel were convicted: of monitoring Soviet compliance with the Helsinki Accords on human rights. What kind of society is it that jails and exiles its citizens, not to mention its leading scientists, for monitoring compliance with an agreement which it signed? It is chilling to imagine trying to live in a society that does not allow any criticism whatsoever. In Western nations criticism and dissent are the lifeblood of growth and change. Disagreement and discussion are what renew and refresh nations, the process that leads to consensus and wise decisionmaking. The Soviet campaign of supression evidences an amazing lack of confidence in the ability of their political system to survive criticism. It is evident the totalitarian Soviet system cannot stand the light of day nor the sight of truth.

I endorse and applaud all efforts by the administration to secure the release of Scharansky and Ginzburg. Other strong measures must be taken as well. I support and acclaim President Carter's decision to cancel the computer sale to the Soviet news agency, Tass. This is a singularly appropriate protest. since Scharansky is a computer specialist. All other commercial transactions with the Soviet Union should be reviewed as well. In addition, it is essential that we in the West continue to speak out, continue to attempt to influence the Soviets to eliminate the repression of dissenters. Only by persisting in bringing Soviet oppression to world attention can we hope there will ever be any change.●

ANDREW YOUNG'S CONTRIBUTION TO DIPLOMACY: EMBARRASSMENT TO OUR FRIENDS, AID TO OUR ENEMIES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. McDONALD. Mr. Speaker, last week I offered a resolution (H. Res. 1267) calling for the impeachment of Andrew Young, U.S. Ambassador to the United Nations. Although the House chose to cut off debate on whether Ambassador Young's actions have constituted impeachable offenses, a gravely mistaken decision in my opinion, the Soviet Union's propagandists have continued to feature Ambassador Young's untrue allegations to give new and spurious letigimacy to their attacks on the United States and on the brave dissidents in the U.S.S.R. who have courageously demanded their freedom.

On the evening of July 12, the publication date in Paris of Ambassador Young's remarks, Moscow TASS in English said:

"In our prisons there are hundreds, maybe even thousands of people whom I call political prisoners. I was a political prisoner ten years ago, when I was arrested on a civil rights demonstration in Atlanta, Georgia," said U.S. Permanent Representative to the United Nations Andrew Young. These words are noteworthy, since they come from a member of the Cabinet, and therefore signify an official admission that political persecution is widespread in the United States.

In a Russian language broadcast for internal U.S.S.R. consumption on July 13, TASS noted with satisfaction:

The admission by A. Young, U.S. Permanent Representative at the United Nations, that thousands of political prisoners are being held in U.S. prisons has caused embarrassment in the White House. * * *

* * * Senator D. Bartlett is incensed that Young has "totally wrecked" U.S. attempts to influence world public opinion to participate in the hostile campaign against the U.S.S.R. unleashed by imperialist propaganda under the hypocritical pretext of "concern" for human rights.

Resorting to the customary "Big Lie" technique perfected by the Communists and the Nazis, the Soviet propaganda broadcast went on to claim that "not one of the outraged critics of A. Young has been able to refute his statement." According to TASS, that lie was true because of another lie, "suppression of the civil rights of Americans and political repressions are a daily occurrence in modern America."

TASS went on to quote Ambassador Young's supplementary statement to the press in Geneva:

A. Young, himself, who is now in Geneva on U.N. business, reaffirmed his statement. He repeated once again that "there are all categories of political prisoners" in U.S. prisons.

And on July 14, the Moscow International Service in an English language international broadcast chose to interpret the Ambassador's statement that, if asked, he would resign "as a sign of his critical attitude toward the attempt of

the American administration to interfere in other countries' affairs under the pretext of defending human rights."

Predictably the Soviet Union's repressive satellites immediately picked up the Andrew Young allegations to justify their own harsh abuse of dissidents seeking elementary freedoms. According to the Czech Communist Party newspaper, Rude Pravo, on July 14:

The high ranking official of the Carter Administration has thus confirmed that political trials take place in the U.S. and that many Americans are jailed for their conviction.

Ambassador Young, those who have supported his false allegations, and those who remain silent and do not challenge him are lending themselves to an all-out Soviet orchestrated propaganda drive designed to undermine the only legitimate aspect of this administration's foreign policy innovations—its concern with the massive violations of basic human rights that are a matter of state policy in the Communist dictatorships.

The Ambassador's allegations, and those who support them, are made even more deplorable by the fact that they were made on the eve of two major kangaroo-type show trials of the leaders of the Soviet dissident movement who had demanded that the Government of the U.S.S.R. adhere to the provisions of the Helsinki agreements which the Soviet Union had signed only 4 years ago and grant such rights as all Americans, whatever their race, religion or national origin, exercise daily. With the assistance of Ambassador Young, the KGB-supervised propoganda mills have sought to trivialize the cruel sentences handed out to Anatoly Scharansky and Alekandr Ginzburg for desiring the right to worship as they wish, to marry as they choose, and to emigrate to another country.

Andrew Young's "political prisoner" allegation was used at least four times in the Moscow radio Russian language domestic service, and at least six times in the international foreign language broadcasts on July 12 and 13 alone. These broadcasts also rewarmed the human rights violations smear attacks of the past several years. The following TASS excerpt from July 12 is typical:

The American authorities, using a wide choice of antidemocratic laws, put into prison fighters for civil rights, against racism, dissidents. The Wilmington Ten, sentenced to a total of 282 years in prison, are languishing in jail with accusations against them having been fabricated by policemen. The leader of the Ten, Ben Chavis, in a letter to President James Carter has said, "We remain, as before, political prisoners, languishing in jail for our convictions."

The Charlotte trio, John Harris and others are persecuted for similar "crimes."

The policy of the present administration is the mockery of the rights of the Americans, said public leader A. Boy at a meeting in New York, outside the building of the federal court. Where are the rights of Ben Chavis and the Wilmington Ten? Where are the rights of Assata Shakur? Where are the rights of thousands of political prisoners put in jail for their protests against racism and political repressions which are now rife in the United States?

The persons mentioned in the above TASS story are not political prisoners, but common felons, convicted in our courts after due process. With regard to the case of the Wilmington Ten, our distinguished colleague from North Carolina (Mr. MARTIN) again pointed out some of the facts in the case to us on July 13, 1978, when he said:

They (the Wilmington 10) were not tried and convicted for political activity or for their political beliefs. They were tried and convicted of conspiracy to fire bomb an ethnic store. They have become since then a political group, but their conviction arose out of their action in inciting a riot against the people of Wilmington, N.C., which culminated in the fire-bombing of a Greek-American. I would insist that there is no civil right or political right to fire bomb.

The so-called "Charlotte Three" were also properly convicted in North Carolina for the crime of arson, specifically of burning down a riding stable in which a large number of saddle horses were burned to death. There is no civil right to burn down a man's property.

John Harris, alias "Imani," was one of three convicted prisoners known as the Atmore-Holman brothers, charged with murdering a prison guard and riot, who received wide publicity and support among U.S. revolutionary groups. Following his conviction for the murder of the prison guard. Harris was sentenced to death. Like the others named above, Harris continues to have the protection of full due process.

Assata Shakur is the alias of Joanne Deborah Chesimard, a leader of the terrorist Black Liberation Army (BLA) and of the Eldridge Cleaver faction of the Black Panther Party. She is serving a life term in New Jersey not for "civil rights activities" but for a first degree murder conviction of a New Jersey State police officer in a shootout on the New Jersey Turnpike on May 2, 1973.

It is noted that the campaigns to free these so-called U.S. political prisoners were conducted first by the Moscow-controlled Communist Party, U.S.A. (CPUSA), and its prison-organizing front organization, the National Alliance Against Racism and Political Repression (NAARPR). It is also noted that nearly all of the 17 persons named as "political prisoners" by Amnesty International were first supported and backed by the CPUSA, its NAARPR, and the World Peace Council (WPC), Moscow's chief propaganda apparatus aimed at influencing public opinion in the free world.

The question to ask Ambassador Young is whether he still equates convicted murderers like Gary Tyler, Assata Shakur, John Harris, and arsonists like the Wilmington Ten and Charlotte Three with the nonviolent bravery of Scharansky and Ginzburg?

The official Soviet newspaper, Izvestia, on July 14, not only supported Ambassador Young's charge that there were "hundreds, maybe thousands of political prisoners" in this country, but also attacked his critics as "evidence of a Ku Klux Klan mentality."

It appears that Izvestia's propagandists have taken as their own some misconceptions of our colleague, the gentleman from Maryland (Mr. MITCHELL).

Our Maryland colleague should be aware from his personal experience over the past 7 months that the real "Ku Klux Klan mentality" rejects reasoned debate of controversial issues and indeed, apparently the whole electoral process in favor of intimidation by violence.

Our Maryland colleague knows, and the rest of the Congress should know, that the gentleman's life and property were saved only a few days ago because the Maryland State Police had, at very considerable personal risk to the officers involved, penetrated a small subgroup formed by members of the Imperial Knights of the Ku Klux Klan in Maryland who planned to bomb his house, the B'nai Jacob Congregation in suburban Baltimore, and other targets.

As we all know, most police agencies are now prevented from conducting covert operations involving the penetration by undercover officers and informants of violence-prone organizations by pressure from the same forces that engineered the abolition of the House Committee on Internal Security. Indeed, in the State of Maryland, our colleague has been prominent among the critics of police intelligence activities.

I would like to remind my colleagues that it was a 2-year series of investigations and public hearings on the KKK in 1965 and 1966, conducted by this body's investigating arm, the former House Committee on Un-American Activities, which according to the Anti-Defamation League of B'nai Brith resulted in the immediate and severe loss of membership by KKK groups.

My colleagues will also remember that in 1974 and 1975, the gentleman from Maryland was an active participant in the group that successfully maneuvered the abolition of the successor of the successor of the House Committee on Un-American Activities—the House Committee on Internal Security.

I am proud to say that my first act as a Member of Congress and of the Democratic caucus was to fight to continue the invaluable work of the Internal Security Committee.

Mr. Speaker, I would respectfully suggest that if the gentleman from Maryland would seriously like to fight the "KKK mentality"—the mentality of terrorism—he would join with me as a cosponsor of House Resolution 48 to reestablish the Internal Security Committee and ask the Rules Committee to take immediate action on this measure.●

SPREADING OIL SCANDALS

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MOTTL. Mr. Speaker, I urge my colleagues to join me and Chairman DINGELL and Chairman Moss in registering their protest over the rip-off of American consumers by some oil companies.

The companies are passing off "old" oil as "new" oil and reaping an extra and illegal profit of more than $6.50 a barrel.

What is even more disturbing is the charge that the Government may have

dragged its feet in investigating this fraud.

A copy of a letter I have sent to Energy Secretary James Schlesinger and a copy of the oil rip-off story which appeared in the July 24, 1978 edition of Time magazine follow:

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 19, 1978.

Hon. JAMES SCHLESINGER,
Secretary, Department of Energy,
Washington, D.C.

DEAR SECRETARY SCHLESINGER: I was appalled to read in the current issue of Time Magazine the enclosed article, "Spreading Oil Scandals." It outlines a unique scheme by some oil companies and some fuel brokers, which has cost the American consumer millions and possibly even billions of dollars.

The article alleges that many oil companies in Texas are profiteering by selling "old" oil now priced at $5.34 a barrel at the "new" oil price of $11.87 a barrel, making an additional and illegal profit of more than $6.50 a barrel.

It is estimated that those profiteers are selling between 100,000 and 500,000 barrels of oil a day at the illegal rate. The whopping profit they are reaping—at the expense of the American public—is astronomical.

The article also cites the operation of "daisy chains," a shady yet highly profitable relationship between fuel brokers and oil companies. These brokers and oil interests are engaged in massive price swindling by selling and reselling refined oil back and forth each time at a higher price, before eventually selling it to an electric power company. The article said Florida Power was ripped off to the tune of $8.5 million by one of these "daisy chains." This was passsed on to the consumer via a fuel adjustment clause.

(Earlier this year I introduced H.R. 11228 to prevent these kinds of abuses relating to fuel adjustment clauses.)

But the most shocking revelation was the fact that the Department of Energy and the Justice Department engaged in foot-dragging in their investigation of this practice and that there may have been outright collusion between some of the probers and probed.

Incidents like these are a major reason why the American public refuses to take the energy crisis seriously and is losing faith in the federal government. It is particularly disgusting to me that these profiteers are making their quick bucks and playing their unscrupulous games with our precious energy supplies.

Assuming these rip-offs did occur and are occurring, they should be stopped forthwith and the perpetrators of the fraud and possible collusion should be prosecuted to the full extent of the law. This would deter any oil companies or private or government officials from participation in such scandalous and reprehensible behavior.

I would appreciate this matter receiving your prompt attention and I am herewith requesting an immediate investigation and report from you about allegations in this article. I would like to hear from you as soon as possible as to what is being done by your Department to eliminate this unconscionable fraud to the American consumer.

Thank you in advance for your cooperation in this matter.

Sincerely,

RONALD M. MOTTL,
Member of Congress.

[From Time Magazine, July 24, 1978]

SPREADING OIL SCANDALS—THEY COULD INVOLVE BILLIONS OF DOLLARS

Over lunch in Houston, a prominent lawyer voiced a highly unusual complaint. Business was so good, he said, that his firm was turning away many potential clients, sending them as far away as Washington and New York for counsel. The reason: so many oilmen are involved in the fast-widening scandal of illegally selling low-priced "old" oil as expensive "new" oil that Houston's attorneys cannot take on new clients without becoming involved in conflicts of interest. Says one Houston oil consultant: "It's such an interwoven web that I doubt there is anybody in town who is not going to be touched by it."

The oilmen have reason to worry. After months of slow, top-secret investigations by the Justice Department, the Department of Energy, a congressional subcommittee and several grand juries, a long list of allegations is about to be aired. So far, most of the charges are believed to center not on the big oil majors but on relatively smaller independents. Criminal indictments are expected to be handed down for prosecution in coming months against both companies and individuals.

Investigators are considering pressing charges under the racketeering statutes that until now have been used largely against organized crime; they provide for a longer statute of limitations, stiff penalties and the recovery of profits illegally gained. These sums, estimates one federal official who has been kept informed of the investigations, could amount to billions of dollars.

There are three broad, often overlapping categories of investigation:

OLD OIL AS NEW

In mid-1973, the Government set up a two-tier price structure that established a low rate (now $5.34 per bbl.) for old oil already in production and, as an incentive for exploration, a higher price (now $11.87) for new finds. Under near wartime security in Houston, the Justice Department and six FBI agents are looking into charges that oil companies camouflaged the origins of old oil and sold it as new crude.

The Department of Energy has already audited about a dozen companies for violations and has turned over its dossiers on at least three companies to the Justice Department for possible criminal prosecution. The records of 73 more companies in the Houston area are yet to be audited by the Government. In addition, the Justice Department is conducting an investigation, code-named Project X, into possible price manipulations by a major U.S. oil company.

Estimates of the total odd-to-new switch range from 100,000 to 500,000 bbl. a day, with illegal profits running at around $6.50 per bbl. The mechanics of the switch are easy: all oil looks the same, and it is just a matter of falsifying paper work to hide its origins. The risks of being caught have been small—up to now. As one federal investigator told Time Correspondent Rudolph Rauch: "All an oil guy had to do was look at the enforcement procedures and laugh."

DAISY CHAINS

Justice Department and FBI oil-fraud strike forces, working with at least one grand jury in Tampa, Fla., are also looking into pricing swindles carried out by fuel brokers and oil companies. Some oilmen and brokers conspired to sell and resell refined oil several times among themselves, each time at a higher price with large kickbacks, before finally passing it on to an end user, who was either part of the conspiracy or especially gullible.

The sales involved only a piece of paper being shuffled between desks; the actual oil never changed location. The most celebrated case to date involved the ripoff of Florida Power for as much as $8.5 million. Since that fraud was made public last August by the St. Petersburg Times, FBI agents have uncovered but not yet publicly identified other daisy chains, some apparently centering in Houston. Grand juries are said to be probing into these operations.

COVER-UPS AND LONG DELAYS

Congress has become increasingly uphappy with the glacial pace with which first the DOE and now the Justice Department have pursued their parallel investigations into the new-for-old and the daisy-chain swindles. Investigators for the House Subcommittee on Energy and Power are looking into the possibility that there might have been outright collusion between some of the probers and the probed, even though oilmen argue that the delays were probably caused by DOE understaffing and inefficiency. Says Michael Barrett, a subcommittee counsel: "Some of these cases were ready to go two years ago, and we certainly intend to look at the practices of the Houston DOE office."

The subcommittee is also concerned that two federal energy officials became so frustrated by foot-dragging and the lack of support from their superiors that they complained publicly. A former auditor of the old Federal Energy Administration, Dale Kuehn, went public to describe how his memos suggesting that cases should be "prosecuted with dispatch" were habitually ignored. A DOE investigator, Joe McNeff, went to the subcommittee in June; he said he found in Houston "$1 billion worth of fraud, four auditors, no secretary and no support."

Other federal investigators insist that there has been no foot-dragging and no cover-up. "The investigation is just complicated," says J. A. ("Tony") Canales, the U.S. Attorney for Houston. "You're damn right it is being done in unusual secrecy. I don't want to hurt anybody who is innocent. We are conducting an investigation with the FBI into certain business entities involved in the reselling of oil. I am informed that there were some 60 or 70 such businesses created almost overnight. Not all are under investigation, of course, but the investigation is mushrooming." ●

AD HOC CONGRESSIONAL COMMITTEE ON IRISH AFFAIRS PURSUES ADMINISTRATION TO PUSH FOR HUMAN RIGHTS IN NORTHERN IRELAND

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MURPHY of Illinois. Mr. Speaker, yesterday a most salient letter to the editor appeared in the Washington Star dealing with the administration's "policy" on human rights. The author astutely observes that it is a policy which is at best selectively enforced. While great consternation was registered by the administration about the verdict in the Shcharansky case, consternation which was justified, this same administration has remained almost totally silent about documented human rights violations past and ongoing in Northern Ireland.

The Ad Hoc Congressional Committee on Irish Affairs under the leadership of my colleague MARIO BIAGGI has been seeking to have the administration address this vital concern. I am proud to serve as a member of this committee and join with Mr. BIAGGI in the belief that peace can never come to Northern Ireland while human rights deprivations are occurring.

The President undertook an admirable initiative when he made human rights a fundamental aspect of his ad-

ministration's foreign policy. Where he has applied pressure, we have seen some results. The European Commission and Court of Human Rights and most recently Amnesty International have documented human rights violations in Northern Ireland. It is the intention of the Ad Hoc Committee to place all 78 of the Amnesty International cases into the CONGRESSIONAL RECORD. It is our further hope that this attention will prompt the administration to speak out on these human rights problems.

I now wish to place into the RECORD the letter entitled "Things Are Bad All Over?"

LETTERS TO THE EDITOR.—THINGS ARE BAD ALL OVER?

I must congratulate you on your editorial, "'Human Rights' on trial" (July 11). You have expressed what many concerned Americans have feared to be the ugly truth, which is that our government is not about to "rock the boat" seriously in favor of human rights for those so sorely oppressed in foreign countries. Many words have spewed forth on behalf of those under political, mental or physical harassment, yet it is now very clear that no other actions will be taken.

Those individuals referred to as "dissidents" in the Soviet Union receive the widest possible notoriety because of their residence. The Soviet Union, regardless of what anyone may hope for in the future, is indeed our most formidable enemy. Other countries also unfriendly toward us have made headlines of their national policies. In all of these cases, a partial defense of the Carter administration's inaction might possibly be made on the basis of an inability to deal easily with the feisty leaders of the nations concerned.

But what defense, if any, can be made when the guilty party is one of the our staunchest allies? I am referring to England's relationship with the Irish-Catholics in Northern Ireland. Here, as in all other situations involving the infringement of human rights, the Carter administration has taken no significant actions whatsoever. This, in my opinion, has no satisfactory explanation.

The facts are shocking and unknown to the majority of Americans. England has actually been found guilty of numerous human rights violations by an international court. More unsettling than that, alone, is the fact that she openly admitted her crimes without lifting a hand in defense. The evidence presented against her was so overwhelming that no defense was possible!

English leaders subsequently promised to "try harder" to curtail the acts of torture and internment inflicted upon Irish-Catholics in the North of Ireland. Did anything change? Absolutely not! A recent report by Amnesty International, recipient of the 1977 Nobel Peace Prize, actually stated that conditions were now worse than before. English troops and interrogators in Northern Ireland were found to be waging a full-scale campaign of terror, torture and mental abuse against anyone suspected of sympathizing with the plight of the Irish-Catholics. Once again, the White House did nothing for fear of alienating our longtime British friends.

Rep. Mario Biaggi of New York, who has within the last year formed the Ad-Hoc Committee on Irish Affairs, now 110 strong, has continually urged the president to intervene. Yet the administration remains silent while the English, who themselves were besieged by the scourge of Hitler not long ago, deal so cruelly with the Irish.

I can see no reason for such blatant inaction. This is why I join with The Star in urging President Carter to rethink his stance on the question of human rights. His policy should be one of action, not just words, and it should apply to friend and foe alike.

JOHN F. MCGRATH.●

HERNDON, VA.

THE PRICE OF FREEDOM FOR US ALL

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. SIKES. Mr. Speaker, just a few days ago, my distinguished colleague from Florida, Mr. BENNETT, entered a tribute before the House to a young naval aviator who had lost his life in the service of our country. That I should have the same task today about two other such fine young men is a sobering reminder of the great cost of our freedom even during periods which most of us think of as peacetime. It is also a reminder of how much our Nation expects from those who accept the heavy responsibility and associated dangers of being an operational Navy flier.

Lt. Comdr. William Charles Matthews, the mission commander of the exercise in progress, was a naval flight officer who received much of his training at Pensacola. He was a 1968 graduate of the U.S Naval Academy with a bright future, a lovely wife Gayle and two sons Taylor and Jonathan.

The pilot of that aircraft, Lt. (jg.) Patrick Joseph Kilcline, like his father, Adm. Tom Kilcline, and his brother Tom before him, wore his Navy wings of gold with the great and honest pride properly associated with them. He had been close to naval aviation and Navy aircraft all his life. He was a small boy when his father flew from *Randolph*, *Saratoga*, and *Ranger* with Heavy Attack Squadron 9. He was 13 years old when his father took command of Heavy Attack Squadron 11. Pat Kilcline followed his father's footsteps to the U.S. Naval Academy, from which he graduated in 1975 a rounded man, conversant in political science as well as the naval arts, and an accomplished athlete and rugby player. He put all the physical and mental resources at his command into the demanding and entirely voluntary challenge of becoming a naval aviator and a fighter pilot.

He faced the supremely lonely task which all naval aviators face of looking down that final approach in an aircraft carrier flight pattern and bringing his aircraft aboard solo despite the pitching deck and the ever-present butterflies. It was a danger and a challenge which he would face many times again, day and night, in good weather and bad, in shaping and sharpening the fighting edge which makes Navy combat pilots some of the finest in the world. He demonstrated himself capable and was entrusted with flying the most sophisticated and capable combat aircraft in the world, the F–14 Tomcat. The state-of-the-art in the aviation world was his everyday work. He met and courted the girl he was to marry only a few months ago, Georgene Gibbs of Pensacola, and went on to San Diego and duty with Fighter Squadron 211. It was during flight operations last Sunday in the operating area southwest of San Diego that Lieutenant Kilcline and Lieutenant Commander Matthews were lost at sea.

Patrick Kilcline excelled when other men were satisfied with less, he acted decisively when decision meant responsibility, he saw commitment as necessary and embraced it. Patrick Kilcline did not wait to see the realization of his potential—he tried every day to realize it to the fullest extent that he could.

Pat Kilcline and Bill Matthews leave behind many friends, memories for their loved ones and lives as filled with achievement and daring in their short years as many men fit into three score and ten. They took to themselves the greatest of life's challenges, always striving to improve and to take in full measure the responsibilities inherent in their sworn oath to defend the Constitution of our country against all enemies. That they well and faithfully discharged that oath in the spirit which 200 years of Navy tradition intended is abundantly clear.

There have been many Patrick Kilclines and Bill Matthewses in the long history of our Navy and its aviation arm. Their names are legion and their contributions to making our country the free and peaceful land it is today are beyond price. It is a poignant and real reminder to all of us as Americans just what we are asking of the men in our Armed Forces, and especially those who choose to enter the hazardous and demanding field of naval aviation. We are asking not only those men themselves, but their families and loved ones, to make sacrifices of enormous scope and breadth in what is to most of our countrymen a "peacetime" environment. We should be mindful that in the military profession hazard plays no favorities and courage has no substitute. The men involved take both oath and hazard voluntarily. They have a destiny and a high purpose. They face not only danger, but the loneliness of long deployments away from loved ones, the uncertainties of contingency operations, and must constantly prepare themselves to be ready for the even greater hazards of war. It is only because our Nation produces such men that the rest of us are able to enjoy in such great measure as we do the blessings of peace, prosperity and freedom. Let us not forget that, for we do so at our peril.●

CAPTIVE NATIONS WEEK

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. KOSTMAYER. Mr. Speaker, today I join my colleagues upon the 20th annual observance of Captive Nations Week. During this week, Americans re-

affirm their support for those of the captive nations who are denied the most basic and fundamental rights and freedoms we take for granted each day.

Today, our attention naturally turns to the denial of human freedom in the Soviet Union. This is a time to express our anger and sadness at the treatment of Anatoly Shcharansky, Alexander Ginzburg, and others living behind the Iron Curtain who are being denied basic human rights—rights guaranteed in the Helsinki agreement, signed by the Soviet Union, Canada, the United States, and 34 other nations. Once again, we call upon the Soviet Union to honor the terms of that agreement.

Captive Nations Week focuses on the plight of the oppressed in the Soviet Union and behind the Iron Curtain, yet it is important to recognize that human rights violations persist in nations throughout the world. In many countries, not only are the basic rights of speech, press, religion, assembly, and travel denied, but torture, arbitrary detention without charge or trial, and summary executions have become common, even institutionalized forms of repression perpetrated by tyrants from the left and right alike.

The United States and all nations which believe in human freedom have an obligation to speak out against these outrages. As long as such abuses continue to exist, we in America have a responsibility to condemn them. For oppression anywhere threatens the rights and freedoms of people everywhere. There is no greater danger to our own freedom than for us to stand by silently while human rights are denied to others.

One of the sad lessons of the holocaust during World War II was not only Nazism itself but the silence of the bystanders. Though aware of the intensifying persecution of the Jews, many chose not to speak out. There are other tragic examples throughout history of such silence. Early in this century, the Turks exterminated 1½ million Armenians. Years later, Hitler said "who still remembers the Armenians" as he put into effect the extermination of European Jews. Even today, Idi Amin of Uganda is responsible, according to modest estimates, for the death of 150,000 of his countrymen. And in Cambodia perhaps as many as 1 million have been murdered by the bloody rule of Pol Pot. It is important, then, during this week that we recall what has been allowed to happen. For we must never lose sight of our responsibility to speak out for human rights at home and abroad.

But, we must also look inward and examine our own society. For the measure of an open society is its ability to examine itself critically—to recognize strengths but also weaknesses. This we must do if we are to serve as an example to the rest of the world of what a truly free society can be.

America has always been a symbol of hope and freedom. We must demonstrate in our own lives that our commitment to democracy and decency is not one which applies only to other people in other lands. As we commemorate Captive Nations Week, let us remember the founding principles of America and continue to remind ourselves that these basic rights and freedoms are not just American, but universal.●

CAPTIVE NATIONS WEEK

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. GOODLING. Mr. Speaker, in his statement proclaiming this to be Captive Nations Week President Carter said, "For more than 200 years our Nation has sustained the belief that national independence, liberty, and justice are fundamental rights of all people." The President acknowleges the universal application of our Declaration of Independence and the obligation implied by that document. I applaud his statement and am pleased to make a few remarks of my own in observation of Captive Nations Week.

According to my dictionary (O.E.D.) the word "captive" means "kept in confinement or bondage." Today we call attention to those nations and individuals in bondage or enslaved. We could easily call this "Enslaved Nations Week" or "Nations in Bondage Week." This makes the point a bit clearer, I think.

Our world is divided between two conflicting understandings of human nature. It is a split which cannot be overcome by diplomacy, or kind words, or trade, or more missiles, or dance companies, but descends deep into the spirit of each regime, animating their words, while giving meaning to their actions. "The deep manifold split bears the danger of manifold disaster for all of us, in accordance with the ancient truth that a kingdom—in this case our Earth—divided against itself cannot stand."* To face this grim truth of our age is to begin to appreciate the delicacy of our liberty and to view the future with the terrifying knowledge of what we or our children may have to face.

Senator Moynihan has said that liberal democracy as a form of government is on the decline. It is indeed remarkable that when the choice between freedom and tyranny is so clear even those grown up in a liberal democracy cannot grasp the distinction. Some of our leading scholars and political men confuse stability and quiet with free choice and justice. They believe, in the case of Africa for instance, that even if the Soviets and Cubans control Angola or Ethiopia, trade with the West will bring these countries over to our way of thinking. Tell this to the Czechoslovakians. Ambassador Young, referring to the United States and the Soviet Union, says, "I don't agree that the systems can be put in opposition." Tell this to Anatoli Shcharansky. Many believe that because we can talk with the Soviets our relations are good. "After all," says Mr. Young, "Vance and Gromyko meet practically every month." Well so did Chamberlain and Hitler and so did Ribbentrop and Molotov.

If liberal democracy as a regime is on the course to ultimate extinction, it is at least in part due to our own self doubt and our own lack of will to stand against the regimes of tyranny. What do the peoples of Eastern Europe say when they view the regime of liberty and see that it doubts its own goodness. Utopian considerations on the best way of life show the West to be deficient, but we are not here today to be compared with the best of all possible worlds, but to see our own world plainly. Plainly then, we face each day a regime in Russia responsible for the death of 66 million of its own people, that to this day maintains a system of prison camps and "mental hospitals" the function of which is to turn men's minds and souls to mush.

This process of dehumanization goes on in the Soviet Union unfettered by doubts of good and evil and in defiance of every decent human passion. Sometimes we need this fact "thrown in our face," as Robert Conquest does in his new book "Kolyma." As a complement to Solzhenitsyn's "Gulag," Conquest tells of the death camps in the Kolyma region of the Soviet Union. Initially organized to mine gold, the camps become staging areas for an unspeakable barbarism. Perhaps even Eichmann could have found increase for the depravity of his own soul by studying the inhumanity at Kolyma. I recommend this book to everyone in need of a perspective on the kind of men who occupy the seat of government in Russia.

Our obligation as the regime of liberty is courageously and unrelenting to follow our conscience and the best that is within us. If this means we interfere with Soviet internal affairs—so be it. "On our crowded planet there are no longer internal affairs," Solzhenitsyn says. "The Communists leaders say, 'Do not interfere in our internal affairs. Let us strangle our citizens in peace and quiet.' But I tell you: Interfere as much as you can. We beg you to come and interfere."

This is the message of the dissidents who are so much on our minds today. They teach us of the courage we lack, of the freedom we so blithely accept and of our obligation to the preservation of the possibility of complete human souls. To forget them when there are no show trails or headlines is to forget the torture they will suffer at the hands of our enemies, the total dehumanization of soul.

If the idea of liberty is to survive the unrelenting onslaught of the regimes of tyranny it will be that idea's best home—America—that saves it. But we may have to learn from the towering example of the dissidents what liberty really means.●

*Alexander Solzhenitsyn, Speech at Harvard University, June 1978.

PHILIP R. McGRATH, M.D.

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MICHEL. Mr. Speaker, there are few subjects that have received more na-

tional attention in recent years than our health system. Volumes have been written and countless speeches have been made about the problems and the progress of health services in the United States. Yet all too often we forget that at the heart of our health system is the doctor, the person to whom we turn when personal health problems arise.

Today, I would like to pay tribute to a doctor who represents in so many ways all that is best in American medicine. I refer to Dr. Philip R. McGrath of Peoria who, on July 31, 1978, will close the medical office he has maintained for 49 years. All of those years were spent in Peoria with the exception of time spent in additional medical training and several years in service to his country as a lieutenant commander in the U.S. Navy. At age 77 with 49 years of dedicated service to the people of Peoria behind him, Dr. McGrath can look back in well-deserved pride at his accomplishments.

Dr. McGrath became a member of Peoria's St. Francis Hospital's active staff in 1931 and was certified by the American Board of Ophthalmologists in 1939. He is a member of the Illinois State Medical Society, the American Medical Association and the American Academy of Ophthalmologists, the Peoria County Medical Society and the Central Illinois Association of Ophthalmologists.

Dr. McGrath was president of the active staff of St. Francis Hospital from 1948 to 1949 and has served on all of the major medical staff committees of the hospital. He has constantly participated in the educational training programs offered for residents and interns at St. Francis Hospital-Medical Center during his 46 years of active staff membership. He was elected to the honorary staff in December 1974.

When the history of our time is written, the scientific and medical advances we have witnessed will certainly be recognized as among the wonders of the world. But I believe that history will also record that it was doctors like Philip McGrath who made the major contribution to American medicine. He has contributed not only his skills but his dedication, not only his knowledge but his concern, not only his willingness to help those in need but his belief in the system of medicine we have in this country.

My best wishes go to Dr. McGrath and his family as he leaves the practice of medicine his presence has graced for all these years.●

CAUSE FOR ALARM

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. BOB WILSON. Mr. Speaker, I include the following in the RECORD:

[From Sea Power, July 1978]

CAUSE FOR ALARM

Except for one or two paragraphs, President Jimmy Carter ignored both the U.S. Navy and his own defense budget in that well-publicized "confrontation or cooperation" speech on 7 June to the graduating class at the Naval Academy.

The President was smart. He had, to paraphrase Mr. Churchill, much to be quiet about.

He might have been one or two paragraphs smarter, however. Because what he said was this: "False or excessive estimates of Soviet strength or of American weakness contributes to the effectiveness of Soviet propaganda efforts. For example, recent alarming news reports of military budget proposals for the U.S. Navy ignored the fact that we have the highest defense budget in history and that the largest portion of this will go to the Navy."

The Commander-in-Chief needs either a new speechwriter or a new clipping service. Let's take a look at some of those "recent alarming news reports" and see who ignored what:

Time, in its 8 May cover story ("The Navy Under Attack"), stressed the "vast increase in naval power" which now gives the Soviet Union a numerical advantage over the United States in: cruisers (37 Soviet to 27 U.S.); nuclear attack submarines (88 to 68); and destroyers and frigates (195 to 129). Only in aircraft carriers is the United States ahead (13 to 1). Time also accurately reported "the Navy's slice of next year's proposed $126 billion defense budget request is the largest allocated any individual military service."

Earlier, U.S. News & World Report, in a 6 March special report ("U.S. Navy in Distress"), also said the Navy "still gets the biggest slice of the defense budget—$36.6 billion." But USN&WR used a similar table of USN-vs.-Soviet Navy statistics to demonstrate that the Russians now have "a true blue-ocean navy," and quoted "American naval officials" as saying that "the Soviet Union now has a formidable capacity to disrupt shipping between this country and its allies—and to threaten the flow of supplies, including oil, to the U.S. from overseas."

The March issue of the Armed Forces Journal also spelled out the individual budget allocations by service and conceded that the overall fiscal year 1979 Defense Department budget request is "the highest ever proposed to Congress." But AFJ emphasized that, "Even using extremely conservative CIA estimates, the USSR has spent at least $500 billion more than the U.S. on usable military capability since 1968."

Finally, SEA POWER said in the second paragraph of its February analysis of the FY 1979 defense budget request that, "as has been the case for the past several years, the Navy once more has the largest individual service budget"—then added, much later in the story, that over the past 10 years, while the U.S. Navy has been reduced from 976 to 464 ships, "the Soviet naval threat has steadily worsened, U.S. dependence on overseas imports of raw materials (particularly Persian Gulf oil) has substantially increased, and the number of U.S. land bases overseas has been reduced in number, with most of those that remain significantly more vulnerable either politically or militarily."

So who's ignoring the facts, or failing to put them into proper perspective? Not those recent alarming news reports, but the President himself—because he also said the following in his Annapolis speech: "The U.S. Navy has no peer on the seas today . . . We need not be overly concerned about our ability to compete and to compete successfully. There is certainly no cause for alarm."

But if the President is not "overly concerned," a lot of other Americans are. Consider the following:

(1) A research paper by the CIA's National Foreign Assessment Center which was released in January concludes that Soviet "military investment" expenditures (for weapons procurement and force modernization) "were about 20% greater than U.S. outlays" during the 1967–77 time frame "and since 1975 have been about 75% greater than the U.S. level."

(2) A "secret study prepared for NATO leaders," according to the Baltimore Sun (29 May), warns that Soviet military power will continue to build alarmingly over the next decade . . . [during which] Soviet military spending may be expected to increase by 5% a year."

(3) Meanwhile, Lawrence J. Korb demonstrated, in the AEI Defense Review (Volume Two, Number Two, released on 17 May), that the administration's much vaunted defense budget request, although the largest in history in current dollars, is in constant dollars actually 2.2% below what the Ford Administration had requested for defense purposes for FY 1977. Korb concluded that, "Although the growth in the proposed Carter defense program (FY 1979–83) is substantial . . . the Carter projections are $41.4 billion (4.6%) below those of the previous administration" and that President Carter now plans to cut back the previously announced five-year shipbuilding program "by $29.6 billion (almost 47%) in the FY 1979–83 period."

A rather consistent picture emerges, which can be summarized as follows: At a time when the USSR is outspending the United States on defense by anywhere from 10 to 40 percent (the estimates vary widely), the Carter administration is content to increase U.S. defense spending by only about 2.4% per year (Korb's estimate). Moreover, at a time when the U.S. Navy is facing a major challenge at sea—perhaps the greatest naval challenge in the nation's history—this administration is actually reducing U.S. naval strength.

We suggest that there is indeed cause for alarm: over the continuing high level of Soviet naval/military spending; over the relative decline of U.S. naval strength; and over spending projections which indicate the present adverse trends will probably worsen during the foreseeable future.

But most of all over an administration which is not overly concerned—an administration which either cannot or will not face facts which by now have become alarmingly apparent to everyone else.●

NUCLEAR POLICY: A DISQUIETING SYMPTOM

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. TEAGUE. Mr. Speaker, Llewellyn King, who is an acknowledged expert on the world energy perspective, recently addressed the third annual meeting of the Uranium Institute in London.

I believe that his comments on nuclear policy, particularly in the present administration, and its relationship to what seems to be an increasing sense of suspicion toward big institutions, growth and high technology in general are important for all of my colleagues to consider.

The text of the address appeared in the July 14, 1978 issue of The Energy Daily and is reprinted below.

[From the Energy Daily, July 14, 1978]

NUCLEAR POWER IN CRISIS: THE NEW CLASS ASSAULT

(By Llewellyn King)

In the 1950s and 60s, the best young legal and technical minds in the United States sought employment in the nuclear industry. It was, as former congressman Craig Hosmer once described it, "the new frontier." Suc-

cessive presidents had endorsed civilian nuclear power as holding the key to an energy-rich future for the United States and for the world. It was, of course, over-sold, and in hindsight some of the expectations were plainly excessive. Such projects as the nuclear airplane, the stimulation of natural gas with nuclear devises and the irradiation of food and lumber for indefinite preservation now seem to have been the products of wild imagination.

But the basic yeoman function, the generation of electricity, has been surprisingly successful, low in environmental costs and without human fatalities. There have been technical problems, but they have been no more insoluble and no worse than those affecting other industries. On the face of it, nuclear power has been a boon to those utilities which committed themselves early and which rely heavily on it, such as Northeast Utilities in New England and Commonwealth Edison, which serves the Chicago area.

Yet nuclear power is the source of a bitter national controversy which extends from picket lines at nuclear power plants all the way to the President of the United States. In many families it divides fathers from children; and so deep is the emotional feeling, and so widespread the opposition, that, on the basis of today's climate, nuclear power cannot be considered a serious contender among the United States' future energy options.

In theory, the Department of Energy and the Administration support a vigorous light-water program; but ambivalence on the part of President Carter and open hostility from many of those whom he has brought into the Administration make the theoretical support of light-water reactors an empty promise. The nuclear industry is surviving on a backlog of orders, but it has retrenched it sales staffs, and few utilities are expected to order new units in the near future.

The industry is beleaguered and despondent, unable to comprehend what it perceives to be the injustice of its situation.

The opposition to nuclear power did not appear overnight, but has grown steadily for a decade, picking up converts and developing its own expertise in opposition as it goes. The greatest coup for the opposition, though, was not really of its making; it was the election of Mr. Carter, who is sympathetic to those who oppose nuclear and who has given key decision-making jobs to some undisguised opponents of nuclear power. These individuals and their allies have worked hard to frustrate the Department of Energy and its declared policy, particularly in the area of licensing reform.

I have been watching the nuclear controversy for more than eight years and was, if anything, initially sympathetic to the opponents of the atom, because at first reading their arguments are simple and appealing. They trade on a host of idealistic yearnings, particularly among young people, and they are clothed in staunch moral legitimacy. However, the opposition is a movable feast, and it has ranged over the years to all kinds of subjects, from the health effects of low-level radioactive emissions, to pressure-vessel integrity, to emergency core cooling, to terrorism and nuclear weapons proliferation. Obviously, to those opposed to nuclear power, the hatred of the technology is pervasive and the resolution which will satisfy it is nothing short of a prohibition on nuclear development.

A favored argument of the anti-nuclear forces is that of waste disposal. But 97 percent of the waste in the United States today is derived from the weapons program; and a permanent repository for this waste has to be found no matter what the civilian future for the atom. Nonetheless, the waste argument succeeds in inculcating public fear as nothing else has done. At parties, on radio programs and in debates, I am questioned more often about waste than any other aspect of nuclear power. However, those who fan the fear of waste disposal are also, in their blind hatred of the technology, those who may make it impossible for a permanent repository to be located in an ideal geographic area. They have already indicated that they will incite local communities to oppose harboring the repository. This means that the Nation will probably have to settle for a less complete solution in the form of engineered storage on government reservations where the wastes are already housed.

Likewise, the same self-fulfilling prophetic approach has been used in proving that nuclear power is uneconomic. In the United States it takes as long as 14 years to license a plant, thus vastly adding to its costs through the expense of carrying charges, an expense that has been contributed to enormously by the delaying tactics of the opponents and their protracted litigation of every possible issue. The opponents profess environmentalism as their cause, but increasingly the evidence is that they are motivated by some other deep-seated hostility to high technology that is only marginally associated with the environment. The only logical substitute for nuclear power in the United States is coal, and its price and environmental damage in human life is infinitely higher than that for a nuclear-based electric supply system. The United States is the world's largest oil importer and is endangered economically and strategically by that fact. And, while nuclear power cannot alleviate dependence on oil, it could, in time, bring considerable relief and provide a domestic and therefore stable basis for electrical generation.

The apparent wisdom of going to nuclear power has not been wasted on most of the world but neither has the opposition to it gone unnoticed. The United States represents a great *de facto* propaganda machine. Its ideas, fads, music, movies, television programs and prevailing ethics flow around the world in a continuous stream that no foreign national identity nor government policy can dam. Consequently, in the great nuclear struggle, ideas germinated in the United States have been reported to Western Europe and even to Japan. Today opposition to civilian nuclear power is entrenched in many nations, but nowhere is it as sweeping nor as effective as it has been in the U.S.

Opponents of nuclear energy have found in the United States hundreds of opportunities to frustrate its development. They are greatly aided in this by the openness of the licensing system—originally designed to further public understanding—and by the wide provision for court review of adminstrative decisions. The United States is the most litigious nation in the world, and every nuclear power plant is subject to a variety of court proceedings.

Another aspect that has aided the legal and political warfare directed at nuclear power is the very presidential system which distinguishes the U.S. from, say, the United Kingdom. Continuity in parliamentary democracies is assured to some extent by the permanent civil service and by the fact that cabinet ministers and members of the shadow cabinet become acquainted with complex issues of national policy as they proceed up their respective career ladders. In the United States, high office can be thrust on a man or a woman who is not familiar with the intricacies of a program, simply because he or she is appointed or elected. Hence, the first two years of any American government often embody a period of intense familiarization with long-standing programs. It is my belief that the Carter Administration came into office committed to dramatic reforms but with little knowledge of the precedents established for it by previous administrations. They took over the ship of state without regard to its previous course or present location.

Nowhere was this more clear than in the new Administration's policy on proliferation, where brilliant but uninformed men set out to change the long-established free-world policy, without regard to how that policy had been established nor why it was regarded as vital by those who had been party to its creation. Observers watching the State Department under Carter have been able to see the President's team modify its stance in direct relationship to its increasing knowledge of nuclear technology and political realities.

Unfortunately, there is no evidence that such enlightenment has been universal in the Carter Administration. Outside the State Department, prejudice and bigotry over nuclear technology continue to thrive.

It is why there is this bigotry against the technology that fascinates me, and I have spent some years trying to analyze and explain it.

My conclusion is that it is a symptom of a much wider sociological phenomenon in the U.S. national character and that it is intimately involved in the history of the post-war period.

Those who oppose nuclear power are nominally known as environmentalists; sometimes they are joined by so-called consumerists. They are dedicated, articulate, well-educated, middle-class and upper-middle class Americans, many of who learned the art of public protest during the Vietnam war, who believe that the industrial-political axis which has nurtured the development of peaceful atomic energy is cynically foisting a dangerous and unnecessary technology on a gullible American public. In their fight against the technology, they have used the tools which come easily to them as a result of their education and social position: litigation, media manipulation and quasi-scientific propaganda. Additionally, they are now penetrating the political structure, as they have done at the California Energy Commission, and are waging a relentless and committed fight at a grass-roots level against which the nuclear industry is almost powerless.

Why?

It is not easy to measure and understand popular movements, but some major factors are now becoming apparent. In the past fifteen years, the United States has been rent by four traumatic events that have produced a stratum of society with a different set of priorities and a different expectation for the future of the United States than anyone has previously contemplated. First, the civil rights movement awakened the nation to its accumulated sins of racial discrimination and set off in the American psyche a flow of guilt that has not yet been assuaged. Second, the Vietnam war presented thoughtful Americans—particularly those of college age—with a moral dilemma at odds with the nation's previous experience of war, when decisions were made as a simple choice between good and evil. Third, the environmental movement, born of necessity, raised the American consciousness as to the cause and effect of industrial and commercial life and the survival of the ecology. And, finally, the Watergate scandal cemented in some Americans a fundamental distrust of established institutions and the machinations of their own government.

The distrust of institutions, many of which could be blamed for the perceived betrayals that I have just mentioned, extended to a distrust of those things which are peculiarly in the purview of big institutions. These are: high technology; the manipulation of society through the goods and services sold to it; and capitalism itself, which, it may be argued, was the engine driving the assault on the environment. It was, too, the benign accomplice of racial discrimination and the enthusiastic ally of Lyndon Johnson's war in Asia.

Simply, everything that went wrong had been either perpetrated or encouraged by big

business or big government or by those elected with the support of the commercial sector of American society. But there is no mechanism for an attack directly on the offending institutions, only mechanisms for oblique assault on their facilities. Nuclear power in particular has borne this antagonism. It represents the planning of a discredited generation of American leadership, the ultimate toy of the environmentally insensitive electric utilities. In the minds of those opposed to it, it is the triumph of ruthless technology against human values and, as important, against doing things on a human scale. Its dangers can be awesome, the longevity of its waste boggles the mind, the threat from proliferation offers the ultimate doom of *homo sapiens*.

In this frame of mind, the opponents of nuclear power have escalated their disaffection from specific aspects of safety, environment, etc. to a much grander disaffection: a conclusion that the technology itself is immoral and that it should be expunged. To support this thesis, they have concluded that Americans can live a better life, with a lower standard of living, but what is called a higher quality of life. This line of thinking has developed such momentum that it is now presented as representing a serious political and philosophical choice for the future of U.S. society, and, by extrapolation, for the world.

The phenomenon of the attack on nuclear power is not confined to that industry although it is at its most coordinated, most emotional and most sophisticated in opposing nuclear power plants. A similar assault has been in progress for some years against the American food industry, although *prima facie*, the American food industry has done a superb job; the abundance of food in an American life is something to be marveled at. And, Americans live longer, grow taller and are healthier than they have ever been. But the food industry, though vilified, hardly has to fight for its life.

The nuclear industry, in contrast, *is* fighting for its life; and, as I stand before you today, I can tell you that it is not winning.

Those of us who have tried to codify and understand the nature of the nuclear opposition have gradually come to the conclusion that we are dealing with what amounts to a new class in American society, one that is unfettered by fear of shortage, privation or disaster. It is a class whose traumas have been external and national and not personal. It is a class of men and women who, paradoxically, are seeking to hobble the American economic machine when they themselves are the products of its bounty: well-fed, well-housed, and well-educated—a class that has been brought up in a cocoon of personal well-being in the comfort of a good home, the security of good schools and the luxury of university education. Their class perception of American society is of a good thing gone wrong; of venal capitalism astride the stallion of technology violating the wholesomeness of America.

But unlike those in Europe and the rest of the world, the intellectuals of this new class do not seek to reform the United States with drastic political change such as communism or socialism. They are, in my opinion, too informed to believe in the simplistic protestations that are appealing on the factory floors of Europe. The new class in America sees the enemy as all that is big and finds the concept of big, centralized government abhorrent.

The danger is that in the future we will have neither the utopian world of Mr. Lovins nor enough energy for the industrialized world that we know today and anticipate for tomorrow.

Its political solution, therefore, is the decentralized society; its weapon for capitalistic excess is regulation, not nationalization; its means for decentralization are technological and not political. The cutting-edge of this agenda—turning the United States from an industrialized, centralized society into a decentralized, semi-agrarian nation—is to put a tourniquet around centralized energy development, in particular nuclear power, and to bring about, through the dispersal of energy sources, a dispersal of decision-making and to return power to the people in small, local units. This agenda, though not new, has been given considerable intellectual legitimacy and rhetorical cohesian by Amory Lovins, an engaging renegade technocrat and techno-social philospher.

The present limitations are that this great assault on growth and the traditional goals of the industrialized world will not work. However, the assault on nuclear power has been highly successful. The danger is that in the future we will have neither the utopian world of Mr. Lovins nor enough energy for the industrialized world that we know today and anticipate for tomorrow.

As the assault on nuclear power has increased in velocity, it has spread beyond the specific new class advocates of a modified society to most of the left wing of the Democratic party.

When Jimmy Carter was seeking the highest office in American public life, he not only identified with the new class, but was persuaded by many of its arguments. As President, he has succeeded in massively damaging the prospects for a nuclear-based electric economy. A President with a combination of new class values and old-fashioned political ambivalence has tainted nuclear power more than its most devout opponents could have hoped. He has furthered the public impression that it is dangerous by saying that it is. Worse than that psychological damage, he has closed down the breeder demonstration project at Clinch River; and he has refused to allow the back end of the fuel cycle to be closed. He has antagonized United States allies and set off, in my view, a new imperative for nations, once prepared to rely on the United States for their nuclear expertise, now to acquire their own. And, in so doing, he has set up the possibility of many nations eventually being equipped to produce weapons.

The crisis for nuclear power in the United States is replete with a number of ironies. For example, although opposition to nuclear power has produced a climate in which its expansion is almost impossible, most nuclear plants have been cancelled or postponed because of other factors, principally the poor economic health of many of the utilities, as well as the chaotic load forecasting situation which has resulted since the Arab oil embargo of 1973–74 because of changed growth patterns and energy conservation.

Despite the current gloom which I have expressed about nuclear power in the U.S., it is wrong to conclude that the industry will disappear. There now are 71 reactors producing 12 percent of the nation's electrical power, and according to the Atomic Industrial Forum, a further 105 reactors will come on line between now and 1986. But projections for the year 2000 for installed nuclear generating capacity are down from a high of 1,200 gigawatts to 380 gigawatts. The question is how long the four reactor vending companies—General Electric, Westinghouse, Babcock & Wilcox, and Combustion Engineering—can survive, particularly as the new export law casts a major shadow over the ability of these organizations to compete internationally. Mercifully, in the United States the will of the government is not absolute, and the concerted opposition to nuclear power from many elements of the current Administration will be crippling but not fatal. Nuclear is not alone as the victim of the new class assault on energy and technology. It appears today that the 1977 amendments to the Clean Air Act may ultimately prove more lethal to the direct combustion of coal than anything that has befallen nuclear. The problems for nuclear power are social and political.

It is my expectation that, as the limits of coal and the greatly oversold expectations for solar power are realized, nuclear power will enjoy a resurgence. Many leaders of the nuclear industry subscribe to a view that, sometime after the next presidential election, a national reevaluation of the energy future will take place, and in that evaluation nuclear will discard the rags of Cinderella for the mantle of a princess.

If the United States has a national weakness, it is to seek simple solutions to complex problems. This zealous morality has led the nation into some aberrant actions that have often left scars but which have ultimately been overcome. These aberrations extend from slavery to prohibition to the Vietnam war, and I believe that the current attitude toward high technolcgy in general and nuclear power in particular reflects that kind of aberration.

The great danger for nuclear power is that it has been institutionalized as a crusade of the American left against the technology. Opposing nuclear power has become, for some more radical members of the Democratic Party, an act of faith based on political creed rather than on technical judgment.

In today's political climate in the United States, if you're in favor of organized labor, redistribution of income, a more egalitarian society and other noble goals, then you are axiomatically, as part of that political creed, likely to be opposed to nuclear power. Likewise, if you subscribe to a conservative political philosophy, you are likely to believe in high technology, in continued ownership of the Panama Canal and in maintaining national defense at a high level—and in nuclear power as the cornerstone of the future energy development of the United States.

I deplore this polarization because it presents technology in political and ideological terms, where I believe it does not belong. I think hanging moral labels around technology, as has happened with nuclear power, is a piece of intellectual mischief for which the United States and possibly the world will pay. That the alternative technologies to nuclear are known as "appropriate technologies" and the Department of Energy has institutionalized this piece of semantic legerdemain by using that phrase, shows the extent to which the mischief has taken hold.

To explain why nuclear development is in a hiatus is to explain the existential nature of the new class philosophies in opposing growth and protecting the environment at all odds. It is also to deny the empirical evidence that America's well-being is symbiotic to its technological success. Energy and technology are the bulwarks of American civilization, and I hope that my adopted land will regain confidence in this destiny.●

INTRODUCTION OF LEGISLATION IN SUPPORT OF WATER RIGHTS AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND MONO COUNTY

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ROYBAL. Mr. Speaker, H.R. 13521 which I introduced yesterday, will lift the restrictions on the management of Fed-

eral lands while protecting major investments by Los Angeles for the construction of water and power facilities in Mono County. The bill represents over 12 years of cooperation efforts between the city of Los Angeles and Mono County and enjoys the support of both the Los Angeles City Council and the Mono County Board of Supervisors.

The city of Los Angeles, which I represent, depends on long aqueducts to supply over 85 percent of its water supply. This is necessary because of the desert-like climate of southern California, and without these long aqueducts, the existing development in southern California would not have been possible. Both the original Owens Valley Aqueduct and the Mono Basin Aqueduct Extension were constructed exclusively with city funds with no Federal financial assistance. The operation of water and power supply facilities are closely coordinated with State and Federal agencies to maximize fish, wildlife, and recreational opportunities in connection with water facility operations.

Because much of the rural land in California is in Federal ownership, Congress in 1906 passed legislation to aid the city in gaining the necessary rights-of-way over Federal lands intersected by the first great aqueduct from the Owens Valley. In 1932, Congress passed legislation to aid the metropolitan water district gain rights-of-way for its Colorado River Aqueduct. A few years later, in June 1936, Congress passed additional legislation which permited Los Angeles to construct the Mono Basin extension of the Los Angeles Owens River Aqueduct. It is this 1936 act which is being amended by the legislation which I have introduced.●

DEBT LIMIT BILL; THE REAL ISSUE

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. JONES of Oklahoma. Mr. Speaker, the issue of this debt limit legislation is a phony issue as virtually every Member of this House of Representatives knows and as many of my colleagues have privately confided to me. It is an attractive political gimmick for those who want to try to fool the public in order to gain short-term advantage.

But everyone of us knows that not one cent of new public debt is created by the debt limit legislation. This bill merely provides a mechanism for the U.S. Government to pay its debts which have been previously and legally created by our Government. One of the most conservative Members of this House, Mr. WAGGONNER, of Lousiana, accurately summarized the situation earlier in his analogy of taking your wife to the restaurant for dinner. The time to be conservative is when you look at the menu and order your meal. It does not do much good to become conservative after you have eaten and been presented with your check. This debt limit legislation is merely the check which our Government owes for the profligate spending of the past. I for one am not going to welch on our legal obligations.

My votes did not create the debt which we are asked to pay today. That same statement applies to most of the newer Members, both Democrat and Republican. But the issue is are we going to pay the legal and just debts of the United States as they become due?

Failure to pass this debt limit bill would be playing games when more important business awaits us on the agenda. A total of 239 Democrats and 124 Republicans voted for the Vanik amendment to cut down the size of the debt limit by $16 billion. Now some of those very ones who voted for this amendment switched votes on precisely the same issue because they want some Members on the majority side to sweat a little bit more. That is irresponsible.

It is true that I have voted against the debt limit legislation at times in the past. My reason was to protect profligate spending which created the debt. It was a protest against what appeared to be a futile exercise to cut spending. But that exercise is no longer futile and that protest is no longer as justified. This year this House has already reduced the President's original budget request by more than $10 billion. If the tax bill which I have proposed is passed, we will reduce that by nearly another $10 billion. So I am encouraged that we can and will reduce that debt before the debt is created. That is the way to be responsibly conservative. It is just as responsibly conservative to pay our just debts by what we do today in passing this legislation.●

VARIATIONS ON WHOLE-LIFE INSURANCE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. LaFALCE. Mr. Speaker, life insurance can take essentially one of two forms, whole-life coverage or term coverage. Whole life policies combine insurance with what, in effect, constitutes savings accounts. Term policies constitute pure insurance and must be renewed every year or so. As the following article, which appeared in Business Week (July 3, 1978) notes, most insurance sales people recommend whole-life coverage. "The agent thinks of sales dollars, and he'd rather sell whole-life for a $250 premium than term for a $30 premium." However, as the article also notes, there may be very little advantage to whole-life insurance, since after age 65 most people have no real need for insurance coverage. As for savings, "better vehicles can be found."

As might be expected, with an increasing trend away from whole-life insurance, insurers have responded with variations on the whole-life policy, including minimum-deposit insurance and adjustable life insurance. These "gimmicks" may be frought with adverse income tax consequences or extra costs

In considering a purchase of life insurance, careful consideration of your needs and relative alternatives is appropriate. The article follows:

VARIATIONS ON THE THEME OF WHOLE-LIFE INSURANCE

Despite a trend toward more readable life insurance contracts, you may find choosing a policy harder than ever. Today's high interest rates have added weight to the arguments against whole-life insurance, and partly as a result, insurers have been putting greater emphasis on variations of whole-life.

Your fundamental decision in buying life insurance remains whether to choose whole-life coverage or term coverage.

Whole-life policies combine insurance with what amounts to a savings account, and they generally stay in effect until death. Term policies are pure insurance that are renewable every few years to age 65 or 70. Most insurance salespeople recommend whole-life coverage. Among a panoply of arguments for whole-life, three have greatest substance: It covers you for life it forces you to save; and it can provide some tax-sheltered income.

THE BEST OF BOTH WORLDS

Insurance commissions are considerably higher on whole-life than on term, and during the early years of coverage, whole-life premium are far higher than term premiums. "The agent thinks of sales dollars," says Michael H. Levy, former chairman of Standard Security Life Insurance of New York, "and he'd rather sell whole-life for a $250 permium than term for a $30 premium."

Levy, who built his company by selling term insurance, is solidly in the camp that sees little advantage in whole-life coverage. This side maintains that few people need life insurance after age 65, because by then their children are grown.

As for savings and tax shelters, better vehicles can be found. Most whole-life policies pay an effective rate of interest on your cash buildup of 3½% to 4½%. By comparison, AA-rated tax-exempted bonds are now yielding around 6%.

Confronted with increasing resistance to whole-life insurance, companies are now making headway with minimum-deposit insurance, which some agents say combines the best in whole-life and in term.

In fact, minimum-deposit is not a type of policy, but a way to finance a whole-life policy. You pay annual premiums for any four of the first seven years (to satisfy Internal Revenue Service requirements). All your other annual premiums are paid with money borrowed against the policy.

You also pay interest on the loan, but it's tax-deductible. The higher your tax bracket, the less your life insurance costs under this arrangement.

BE AWARE OF THE BOOBY TRAPS

Any loans due to the insurance company are subtracted from the proceeds of the policy on death of the insured. But you get dividends on the policy, and with these you buy more insurance to offset your reduced coverage.

"If you have earned income guaranteed in the 50% tax bracket, and if the insurance company has an increasing-dividend policy," says Levy, "then minimum-deposit financing can provide you with cheap life insurance."

Joseph M. Belth, professor of insurance at Indiana University and a crusader for full disclosure in the insurance industry, warns that "the salesman may leave out the booby traps" when you buy minimum-deposit insurance. For example, Belth cites the case of a man who dropped a $100,000 policy after 22 years. The cash value, $42,000, equaled the outstanding loan, $40,000, plus interest due for the year, $2,000. But the IRS claimed the

policy had generated $6,000 of ordinary income from the insurance dividends, which meant $2,500 in additional taxes due, plus interest and penalties.

Adjustable life policies are now getting a big push from one major insurer, Bankers Life Co. in Des Moines, Iowa. Not the same as variable life (which invests cash values in stocks), adjustable life lets you vary the amount of your coverage, your term of protection, and your premiums at any time. You can even switch this coverage back and forth between whole-life and term.

But the adjustable feature costs extra, so its value depends on whether you will need to alter your coverage and whether the changes might as easily be made by increasing or decreasing conventional term-insurance coverage.●

ENERGY SAVINGS THROUGH SOFT TECHNOLOGY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. EDWARDS of California. Mr. Speaker, today I am placing an article in the RECORD from the Christian Science Monitor entitled, "Amory Lovins: Energy Planner." Amory has been a champion of a national energy policy which provides Americans with "soft" types of energy like geothermal, solar, wind, and biomass converters. The "soft" path to future energy development emphasizes a reliance on clean and reusable energy sources which are small and dispersed throughout the community as opposed to massive nuclear or coal plants. I want to associate myself with the philosophy of E. F. Schumacher who believes that "Small is Beautiful." This philosophy rooted in the idea that in choosing an energy program, the job which uses the least energy, for the lowest price, should be utilized. I think the only responsible approach toward energy use is one which is rooted in "soft" types of energy and the continued conservation of nonrenewable resources.

The President has recently returned from the economic summit meeting with the leaders of six other major industrial nations. He has promised these leaders that the United States will reduce its importation of oil. The need to begin a diligent program of developing soft energy types could not be more apparent.

The time has come for Americans to be frank with themselves and admit that we simply use and waste too much energy. I will continue to support measures which provide for the speedy development of "soft" types of energy-producing technologies and urge my colleagues to do the same.

I believe that we cannot go wrong by choosing the soft energy path. This philosophy embraces the idea of using the most appropriate energy source for a particular region. A path which emphasizes saving our energy resources while at the same time maintaining our present standard of living cannot be bypassed.

I hope my colleagues enjoy reading this article on Amory Lovins.

[From the Christian Science Monitor, July 19, 1978]

AMORY LOVINS: ENERGY PLANNER

(By Clayton Jones)

Amory B. Lovins, known as "Mr. Soft-Is-Beautiful" to some admirers, walked from the shade of a tree into the glare of the sun. His dark-blue suit soaked up just enough rays to warm him on a cool spring day. He took a sip of orange juice, checked the pocket calculator on his leather hip holster, placed his briefcase down next to his earth-brown hiking boots, and stepped up to the podium in front of 25,000 sun-worshippers.

It was May 3, the first celebration of "Sun Day," and the young crowd on the Washington Mall was speculating about this new apostle of the solar age.

Amory Lovins is a roaming energy think tank, an American living in London, schooled at Harvard and degreed at Oxford, an adviser to nations but with a message for the common man.

He is consultant to several government on energy matters, cross-pollinating ideas between nuclear scientists and conservationists, politicians and technicians, academics and bureaucrats, and explaining the two worlds he straddles—worlds that have become labeled in the Lovins lexicon as the "hard path" (large-scale energy systems) and the "soft path" (a diversity of need-tailored, small-scale energy systems).

He is based in London with Friends of the Earth, an environmental group, but spends his summers hiking in the White Mountains of New Hampshire. This spring he lectured at the University of California, Berkeley. He was raised in a scientific family living near Washington, D.C. He is also a pianist and has published two books of photographs on the Welsh headlands.

His influence lies in the fact that he has jumped ship, leaving the traditional, even-keel energy thinking, but still using all the technological and economic ropes. And he shows how the energy problem can be the means of transforming society. His statistics cut across ideological disputes.

In two years, his ideas have shaken the public confidence in the U.S. energy establishment down to its very uranium rods.

On Sun Day morning Lovins, the young physicist with calculator in hand, had battled with Wall Street investors over the wisdom of big electric power plants.

But by high noon, Lovins, the young conservationist, had flown to the nation's capital. Before the crowd of pro-solar, antinuclear youth, he spelled out his vision of an era of "natural" energy, speaking with the elegant frugality that has made him a David against the Goliaths of big power interests.

"Our tendency at times to focus the energy debate more and more on less and less [fossil fuels] reminds me of a woman living in India who called a carpenter to fix a window frame," said the new-age sage.

"He followed her sketch too literally and botched the job. When she asked why he had not simply used his common sense, he drew himself up and replied with great dignity, 'But common sense, madam, is a gift of God. I have technical knowledge only.' "

During the 1976 campaign, Jimmy Carter had consulted Mr. Lovins about an energy plan for the nation. They met again last October. The President, a former nuclear engineer, had asked to see Mr. Lovins, a 30-year-old "former high-technologist."

At their meeting, Mr. Carter showed himself well grounded, in Mr. Lovins' analysis, even to the point of correcting a slip over a figure made by the U.S. energy chief, James Schlesinger, who sat in.

In fact, in a speech the next day, the President cited some Lovins calculations on world nuclear hazards. And within the U.S. Department of Energy, top officials are beginning to shift federal policy to a soft-path strategy—and have taken on Mr. Lovins as a consultant.

The ideas he offered Mr. Carter—and to the Sun Day crowd—first came to public notice in October, 1976, when Mr. Lovins wrote a now-famous article for Foreign Affairs entitled "Energy Strategy: The Road Not Taken?"

The highbrow journal received a near-record number of requests for reprints. The nuclear and electric power industry quickly launched a counterattack, even publishing an entire book of critiques ("Soft vs. Hard Energy Paths," from Charles Yulish Associates, Inc.). The Lovins strategy, which he so far has been able to defend in his calculations, was called "flaccid and flatulent," "wistful neo-fantasy," and a "cuddly road to nowhere."

"I suppose that some people in the electric-nuclear industry are particularly hurt that I am writing with their numbers in what they might have throught of as their journal," Mr. Lovins said in an interview. "I am penetrating the periphery of their system and beliefs and sort of running around the inside of their perimeter, using their numbers and criteria while rejecting their values."

In the article, and in a book that followed in 1977 called "Soft Energy Paths," Mr. Lovins suggests that the United States, like many other nations, has a choice between two highly different types of energy systems for the 21st century—and the choice will affect what kind of society, and earth, humankind will have.

In brief, a "hard path" would require the use of "hard technologies," such as electric power stations, which would be centrally run and powered by depletable and potentially dangerous fuels (oil, gas, coal, uranium) and costly to replace.

A "soft path" would rely on "clean" and renewable energy, such as sunlight, wind, and plants, all found and used locally. The type and amount of energy would be matched to the job needed to be done, and thus keep the "energy economy" within its means.

"This economy-of-means argument—of doing the job with the least energy—is really a restatement of E. F. Schumacher's classic essay on Buddhist economics ["Small Is Beautiful"], Mr. Lovins said. "These ideas keep chasing each other around. They are in the air. I'm bound to be influenced by them.

"But I must say that I was awfully surprised when it turned out that soft technologies are cheaper than hard ones to do the same jobs. I had always assumed, as a former high-technologist, that although soft technologies are nice, they would cost more. I was doing some numbers in late '75 or early '76, and was quite surprised when it proved otherwise. Indeed, since then, people are sending me, or I am stumbling across, a great deal more evidence to the same effect.

"Fritz [Schumacher] argued largely from ethical and social grounds, but I am taking a more technocratic approach, befitting my background at a high-technologist. I am in the enemy's camp and he wasn't. It's a tactical difference.

"Of course, I'm not saying everything has to be small. It should be matched to the job. And if you read Fritz carefully, he said that, too. He said quite explicitly that there was a danger of developing a dogma of smallness . . . that would have to be fought just as vigorously as the dogma of large-scale."

Put into energy terms: "It is just as silly to run high-heat smelters with large wind machines as it is to heat houses with a fast breeder reactor," he maintains.

More than half of America's energy needs are in the form of heat, with liquid fuels running second and electricity as a distant third. Thus, Mr. Lovins says, it is cheaper, quicker, simpler, and less harmful to use solar technology in the future than to build new, heavily subsidized atomic and coal-fired electric generating plants.

"Electricity is very expensive stuff—a new barrel's worth costs you over a hundred bucks in oil," he said. "You could freeze in the dark

because you couldn't pay your utility bill." Giant electric stations also tie up more capital, he believes, produce less jobs, increase inflationary pressures, create a vulnerable and centralized power system run by a larger and larger technocratic bureaucracy, and hide the long-term environmental side effects in Wyoming, Appalachia, and the atmosphere.

"Hard technologies are a sophisticated way of stealing from our children," he said simply. "Energy is the most useful integrating principle we have so far to catalyze change and look at a wide range of problems. It is not just a resource problem but a matter of how our society is going to evolve.

"Soft path takes for granted that this a a diverse, pluralistic country in which we do not agree amongst ourselves about what the energy problem is, what our society should look like, what the role of government should be, what the price and regulation of energy should be. If we say we can't have an energy policy until people agreed about them, hell will freeze over first, literally," he said.

"A soft path approach works within that pluralism. If you are an economic traditionalist, then you put up your solar collector, because it's cheaper than not doing it. If you are a conservationist, then you build a solar collector because it is benign. If you are a social transformationist, then you build a solar collector, because it is autonomous. But it's still the same collector. You don't have to agree on why you are doing it.

"Or to put it another way, we have a strong consensus in this country that solar energy and energy husbandry are good things, and we have a pretty good consensus on the limited, clean use of coal [until A.D. 2025], and no consensus on anything else in energy.

"So I am saying, let's add up all the bits people agree about, because they are enough, and forget the rest because they are superfluous. We've never tried before to design an energy policy around consensus, but it seems time we started."

In fact, Mr. Lovins has found in his travels that the action in energy policy is not in Washington but at the local and state level—solar assistance, bicycle paths, insulation credits, recycling centers, utility reform. In Vermont for instance, 40 percent of the homes have installed wood-burning stoves since 1974.

Eventually, a soft-path society would have cars running on alcohol derived from farm and forestry wastes. Electricity, generated from new and old hydro dams and wind machines, would be transmitted through the present grid of wires. Petrochemicals, for such things as plastics, would come from coal and agricultural products.

A real test of Mr. Lovins' thesis was studied by the U.S. Department of Energy: Could California survive on its own native energy, given present technologies?

Researchers calculated that yes, the state could, just by using thousands of windmills, electric cars and railroads, strict conservation, and large tracts of "energy farms." Less than 10 percent of energy needs would have to be imported, such as coal-derived oil. The study has persuaded other regions to look into soft-path futures.

Beyond energy, Mr. Lovins believes the next crisis for America will come from its water policy.

"You can go right down the line and see that we are making all the mistakes in water policy that we had been making in energy policy: We're being supply- rather than demand-oriented. We call for more dam projects to divide up the water that isn't there. We're concentrating on total demand of water in gallons and not on the quality of water required for each job.

'If we don't start to adapt now we'll conceivably be in a much worse mess than we are with energy."●

CAPTIVE NATIONS WEEK—THE BALTIC STATES AND THE UKRAINE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 18, 1978

● Mr. WOLFF. Mr. Speaker, I would like to bring to the attention of my colleagues the state of affairs in the Baltic nations and in the Ukraine. On this 20th anniversary of Captive Nations Week, I think it appropriate to recognize the repressed countries of Latvia, Estonia, Lithuania, and the Ukraine.

In this post-Helsinki period, these small Baltic States are still engulfed and repressed by the Soviet Union. Latvian, Lithuanian, and Estonian people have been subjected to an imposing Russification of their culture ever since the imposition of the Soviets over their lands. The physical colonization of these republics is still going on. In conjunction with the 5-year plans—the imposition of incredibly high economic goals, upon the Baltic States especially, has caused an influx of Russian workers into the republics. This importation is so great, that the ethnic Latvians and Estonians will become a minority in their own countries by the early eighties. In turn, the Russian language is a mandatory subject in the schools, and has replaced the native languages in many institutions. This constant influx of Russians, and the effect this has on the culture of the Baltic States is very threatening to the identity of each distinct nation.

To this day, Helsinki has not changed the situation in the Baltics. The Soviet Government is a signatory to the U.N. Charter yet it has not recognized its obligations, or lived up to its commitments. This insult to Baltic ethnic identity is constant. There are numerous examples of repression. One particularly galling one is the incident of seven Lithuanian schoolboys who were expelled from school, threatened, harassed, and barred from careers and higher education because they were accused of church attendance, and associating with a Catholic activist. This is an evident violation of human rights—particularly upsetting because it involves children.

The situation is, unfortunately, as iniquitous in the Ukraine, if not more so. The Ukraine fell under the domination of the Soviet Republic in 1920, and has remained repressed ever since—regardless of Helsinki. According to Nikita Khrushchev, Stalin once even contemplated the "wholesale deportation" of the Ukrainians to Siberia. This would have involved about 40 million people. Thankfully logistics stopped him. Nevertheless, thousands of Ukrainians were deported at the end of the war. In addition, the Ukrainian Autocephalous Orthodox Church and the Ukrainian Catholic Church were liquified, this striking "at the spiritual core of a people and nation."

The denial of Ukrainian national identity has taken subtler forms since then. As in the Baltic States, Russian is slowly overpowering the native language. The Russification of the Ukraine has overwhelmed the people to such an extent, that more than one-third of them have lost the incentive to study their own language, and now attend Russian schools. For some 5 million elsewhere—there are no Ukrainian schools. Nationalism in the Ukraine, a spokesman told the Commission on Security and Cooperation in Europe, "is not someone who wants his political system to be superior to others * * * but rather * * * wants what has been his for over a thousand years to be continued with his children and his family and with his religion."

The Soviet Government has repeatedly violated almost every one of the Helsinki provisions. In August of 1977, I authored a bill to express the sense of the Congress that the United States encourage the self-determination of the captive nations of the Baltic Republic of Lithuania, Latvia, and Estonia. An excerpt from this resolution explains the state of affairs of these nations:

Whereas the United States, since its inception, has been committed to the principle of self-determination;

Whereas this essential moral principle is also affirmed in the Charter of the United Nations;

Whereas the Union of Soviet Socialist Republics is, according to its constitution, a voluntary federation of autonomous republics;

Whereas the three Baltic Republics (the Republic of Lithuania, the Republic of Latvia, and the Republic of Estonia) did not become member republics of the Union of Soviet Socialist Republics voluntarily, but rather were occupied militarily by Russian Armed Forces in the early days of World War II and subsequently incorporated by force into the Union of Soviet Socialist Republics;

Where the ethnic markup of the Baltic peoples (the Lithuanians, Latvians, and Estonians) is distinctly foreign in language, culture, common traditions, and religion from that of the Russian people;

Whereas, by deportation and dispersion of the native populations of the Baltic states to Siberia and by a massive colonization effort in which Russian colonists replace the displaced native peoples, the Soviet Union threatens complete elimination of the Baltic peoples as a culturally, geographically, and politically distinct and ethnically homogeneous population;

Whereas, despite such treatment, the spirit of the citizens of the Baltic states is not broken and the desire of the citizens of the Baltic states for national independence remains unabated;

The repression continues in these states. The Helsinki Accords do not exist for the Lithuanians. Latvians, Estonians, and Ukrainians. With regard to these peoples—Helsinki has become a mockery of the principles it suggests.●

Rx FOR SAVINGS: GENERIC DRUGS

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ROSENTHAL. Mr. Speaker, the dispensing of prescription drugs by their generic name in place of their overpromoted and overpriced brand names could save American consumers hundreds of millions of dollars each year and at no cost to their health.

Study after study shows that this potential savings goes unrealized because

doctors do not prescribe generically and because pharmacists are unable or unwilling to substitute generic drugs.

One of these studies was conducted by my own staff in Queens and in the Washington, D.C. area. The findings of that investigation revealed that prices can and do vary widely between brand-name drugs and their identical generic equivalents. Prices also differed greatly on the same drug from pharmacy to pharmacy and even from purchase to purchase—of the identical prescription—in the same pharmacy.

Part of the answer to this problem is better information for consumers through mandatory drug price posting and mandatory use of generic drug names. Another is requiring generic substitution.

These are the subjects of my testimony before the House Commerce Subcommittee on Consumer Protection on June 30. I introduced legislation to improve retail drug price competition more than 5 years ago. I am hopeful these hearings will produce the progress and results that are so badly needed and so long overdue.

I am inserting in the RECORD at this point my testimony on behalf of H.R. 44, the Prescription Drug Labeling Act, which I introduced with the support of 34 of our colleagues.

TESTIMONY OF HON. BENJAMIN S. ROSENTHAL

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to present my views to you and to urge adoption of a comprehensive generic drug substitution law. I have long been a strong advocate of such legislation. The retail pharmaceutical industry has been shielded from the competitive pressure of a free enterprise system for too long now, and this costs the American consumer several hundred million dollars annually.

In order to lower the cost of prescription drugs, legislation must be approved to encourage the use of lower-priced generic drugs, to facilitate comparison shopping on the part of consumers, and to foster price competition on the part of retail pharmacists. We must at the same time insure the safety and effectiveness of the medicine we use.

To accomplish this, several steps must be taken:

First, retail pharmasists must be required to dispense the lowest cost equivalent drug in their inventory whenever a doctor's prescription is presented. The only exception should be if the doctor states in his own handwriting, "no substitutions".

Second, the Food and Drug Administration must develop a positive formulary of prescription drugs for which there are no demonstrated bioequivalence problems and for which substitutions will be required.

Third, a drug's established or generic name must be used whenever and wherever its brand-name appears—from advertising to labeling.

Fourth, all pharmacies must be required to post in a prominent place the prices of the 100 or so top selling drugs.

Finally, the Federal Trade Commission, the Food and Drug Administration, and the Secretary of Health, Education, and Welfare must work together to encourage the retail advertising of prescription drug prices.

The dispensing of generic drugs in place of their brand-name equivalents would save Americans millions of dollars each year. Repeated surveys by government agencies at all levels, by public interest organizations, by academicians and others, and by my own office both in New York and Washington, have consistently demonstrated that a wide disparity exists between prices of generic and branded drugs. This disparity exists not because brand-name drugs are any safer or more effective but because doctors have been continually subjected to the promotional efforts of the large pharmaceutical firms.

It has been estimated that the pharmaceutical industry annually spends $5,000 per physician in this country, or 25 percent of revenues from sales using detail men, free samples, direct mailings, advertising in medical journals, and free gifts for medical students in order to persuade doctors to prescribe brand-name drugs. This billion-dollar expenditure has nothing to do with the patient's health, but is used to beguile him and his doctor and to combat his attempts to get a better drug buy. It tends to monopolize doctors' sources of information and keep many from adopting critical and scientific attitudes toward drugs.

This influence on doctors begins early—in fact, even before they become doctors. It starts in medical school with a free black bag, a stethoscope and some textbooks. It continues with visits from salesmen, invitations to industry-financed conferences, gifts, and a massive effort at post-graduate indoctrination by those who profit from brand-name prescribing, over-prescribing and misprescribing.

The doctor's primary source of information about available drugs is the Physicians Desk Reference (PDR), a catalogue which illustrates prescription drugs and explains their usage. It is filled with advertising by major drug manufacturers, distributed free of charge to most doctors, and is found in every hospital. Contrary to its implied universality, the PDR is incomplete—it mentions only a few generic names for widely-prescribed, basic drugs. The widespread use of this volume actually serves to conceal from doctors the existance of other manufacturers who can often supply the same drugs at lower cost. The high price of these medicines is passed on to the patient, who is caught unaware in this web of economic gain. It is scandalous, in my opinion, Mr. Chairman, that in the United States this type of compendium is produced by private industry; in nearly all other nations the importance of such a listing and its need for universality is recognized, and the responsible governmental authority publishes this document.

The efforts of the major pharmaceutical firms to influence doctors have been successful. Physicians, unaware or unconcerned that a majority of the prescriptions they write are for multiple-source drugs, continue to prescribe medication by brand-name. If pharmacists were required to substitute generic equivalents for such multiple-source drugs, as is the case in only a handful of states, the distorting effects of the industry's protrademark promotional campaign could be sidestepped to a certain extent and consumers saved a considerable amount of money.

Opponents of generic dispensing—primarily the brand-name manufacturers whose philosophy is "big makes best"—argue that distinct manufacturing processes may produce therapeutic differences in equivalent drugs made by different companies.

The assertion that repeal of anti-substitution laws will result in a deluge of inferior, foreign-made drugs into the U.S. market is typical of the hysterical, misleading and inaccurate scare tactics employed by opponents. Obviously, the high U.S. standards will remain in effect. According to the FDA:

"All drugs, whether they are sold under their brand names or their generic names, must meet the same FDA standards for safety, strength, purity, and effectiveness. And all drug manufacturers, big or small, are subject to FDA inspection and must follow the Agency's Current Good Manufacturing Practice Regulations. That is why FDA believes there is no significant difference in quality between generic and brand name drugs."

In fact, some of the big brand-name products may actually have been produced by one of the small drug firms. It is not unusual for big and small drug companies alike to buy bulk from the same manufacturer and package the product under their own separate names, some generic and some trademarked.

Even the American Pharmaceutical Association admits it is unlikely that a drug "meeting established standards under federal drug laws will not perform clinically as expected," according to the testimony of its executive director, William Apple, before the Senate Finance Committee.

Furthermore, it is unfair of manufacturers to imply that pharmacists are not professional or responsible enough to stock and dispense only those drugs in which they have faith.

The National Academy of Sciences' Drug Research Board, in 1975, unanimously called for repeal of anti-substitution laws. It concluded that "in the absence of data to the contrary, there is no inherent reason for choosing the more expensive drug product simply because of the familiarity of the physician or pharmacist with the brand-name."

It is ridiculous to prohibit the general public from taking advantage of low-cost generic drugs when they have been used successfully for many years by the Veterans Administration, teaching institutions, hospitals in general, and even the Defense Department at a substantial cost savings. In addition, the Department of Health, Education and Welfare encourages pharmacists to dispense generically in the Medicare and Medicaid programs by using a maximum allowable cost (MAC) schedule, stipulating maximum reimbursements for multiple-source drugs. If generic drugs are good enough for these groups, why should everyone else be forced to pay for over-priced and over-promoted brand-name products?

Resistance to drug substitution comes not only from brand-name manufacturers who stand to lose money as a result of increased competition, but also from many doctors. Their concern is more a matter of professional pride than of economics, although their professional organizations have pocketbook motivation.

I want to stress that my proposals would in no way permit a pharmacist or anyone else to overrule a physician's decision. The basic diagnosis and the judgment for treatment remain with the physician, as they must. If he wishes a particular drug to be dispensed, his decision must and will be followed. All he need do is mark the prescription in his own hand writing, "no substitution" or "dispense this brand only."

The bill before us today, H.R. 1963 is a step in the right direction. It does not, however, go far enough. Pharmacists must be required, not just allowed, to substitute the lowest cost generic equivalent. If substitution is merely allowed, there would be too much temptation for the pharmacist to stock only the more profitable brand-name drug. The cozy relationship that has developed over the years between the pharmacists of this country and the brand-name drug companies is too strong to be broken by a law that only allows substitution to take place. A loophole like this could deprive consumers of most of the benefits a generic drug substitution bill could offer.

Furthermore, any legislation should state clearly that if the pharmacist does not stock or has run out of a generic equivalent drug, he should be required to dispense the brand-name drug at the lower generic price or refer the customer to another pharmacy.

The drug industry will not change overnight if we require substitution. Many drugs on the market today still are single-source and patent-protected. But, as patents expire, the number of multiple-source drugs increases, and even the name-brand manufacturers are marketing some so-called "generic lines" to capitalize on growing public awareness.

I also propose that the pharmacist be required to pass along to the consumer any savings that result from the substitution of a generic drug. I realize that a free market is the most effective means of accomplishing this, but given the lack of competition and consumer awareness in the market for prescription drugs, such a provision is needed, at least temporarily.

In order to insure the safety and health of Americans and to allay any fears about the quality of generic drugs, I propose that the FDA assemble a list of drugs for which there have been no demonstrated problems with bioequivalence and for which substitutions will be required. One potential use for such a formulary of drugs would be as an information resource by consumers to help them persuade their local pharmacists to stock a particular generic drug. In any case, it is about time that we have an official government-assembled compendium of prescription drugs clearly identifying therapeutic equivalents. The formularly should be continually revised and expanded by the FDA.

Besides the overuse of brand-names, one of the main reasons for high drug prices and high corporate profits is the lack of competition. I propose that H R. 1963 be amended to require the posting of the prices of the 100 or so top selling drugs, as determined by the FDA. The list should be arranged alphabetically by generic name and should contain the lowest price charged for each generic and brand-name drug in its most commonly dispensed dosage, form and quantity. This measure would facilitate comparison shopping on the part of consumerss and encourage them to be more price-conscious. Pharmacists have always seemed to treat the prices they charge as if they were top Defense Department secrets. The mandatory posting of drug prices would help change this as well as encourage some sorely needed competition at the neighborhood pharmacy counter.

I strongly suggest that H.R. 1963 be further amended to require the use of a drug's generic name whenever its brand-name appears. This would mean the use of generic names on prescription labels, in all retail advertising and on price posters. The use of different brand-names for the same drug is often very confusing to the consumer as well as to his doctor. The mandatory use of generic names will make it much easier for the consumer to shop intelligently for the lowest price. By introducing an element of consistency, generic labeling also will make drug-price posting and advertising, now permitted under a recent Supreme Court decision, more meaningful. Competition, a crucial element in our economy but one too long absent from retail pharmacy, will be enhanced as consumers become able to shop for the best buy.

Although the Supreme Court has allowed retail pharmacists to advertise, many have been reluctant to do so. I urge the subcommittee to consider a provision to authorize the FTC, FDA, and the Secretary of HEW to cooperate in encouraging pharmacists to advertise drug prices. All restrictions or impediments to price advertising on the part of states or their boards of pharmacy should be strictly prohibited. In addition, guidelines on the use of advertising should be issued so as to prevent any abuse in this area.

Over the years, pharmacists, doctors and drug companies together have effectively insured that the consumer purchases the most expensive drug on the market. We must change this. We must introduce an element of the free enterprise system into the retail drug industry. The amendments I have proposed today, if adopted, would mark a major advance in combating inflationary health costs, while contributing to the health and safety of consumers. Mandating the substitution of generic drugs will encourage the use of the lowest cost drugs available. A formulary developed by the FDA will assure the American consumer that he is getting a safe and effective drug. The mandatory use of generic names, the posting of drug prices and the promotion of retail advertising will help consumers shop wisely, while trimming the fat off the prices we now pay for prescription drugs.

The proposals I have set forth today would mean significant savings for millions of Americans at absolutely no risk to personal health. They pose a threat only to the bloated profits of a number of large corporations who would rather keep the American consumer paying in the dark.●

PANAMA CANAL TREATIES ATTACKED BY FORMER PANAMANIAN PRESIDENT ARNULFO ARIAS AT TREMENDOUS OVATION UPON HIS RETURN FROM EXILE, JUNE 10, 1978

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. DORNAN. Mr. Speaker, on June 16, 1978, the eyes of the world were focused on a carefully staged diplomatic extravaganza in Panama City. In the midst of enormous press and TV coverage, the President of the United States cordially embraced Panamanian Chief of Government Omar Torrijos and ceremoniously signed two new Panama Canal treaties. (CONGRESSIONAL RECORD, June 19, 1978, pp. 18121–25.)

On June 10, 1978, 6 days prior to that event, former President of Panama, Dr. Arnulfo Arias, returned to his native land after almost 10 years of exile in the United States. His return received a tremendously stirring welcome in Panama City by Panamanians of all classes. A crowd estimated at between 200,000 and 300,000 portrayed their enormous support for the former leader. Despite the magnitude of probably the greatest demonstration in Isthmian history, the event was virtually ignored by the U.S. news media. Because of that cavalier treatment, I shall mention some of the crucial highlights of Dr. Arias' address.

Because of the Government's strict control of the news media, the people of Panama were anxious to learn of the true state of their country, Dr. Arias told them of the debt that the ruling tyranny had accumulated of "almost $3 billion in irresponsible loans with exhorbitant interest." He charged that "excessive taxes of every kind had served to increase the cost of living and promote the administrative corruption, increasing the hunger of the people."

Dr. Arias deplored subjecting Panamanians to unconstitutional sentences of exile and imprisonment without any due process other than a police order. The crowd rallied behind his call for the return of Panama to "constitutionality rather than obedience to a psychopath who should be in an insane asylum."

Dr. Arias urged the removal of the "cancer" which is destroying the country. He described the present situation as one in which the Panamanian people despise and repudiate "electioneering politicians and the supreme traitor, who clings to his ill-gotten power."

In reference to the new Panama Canal treaties, Dr. Arias charged that they "undermine our sovereignty and dignity as a free country in complete control of its destiny and even serve to generate new sources of friction." He urged the Panamanian people to "work and develop our own country rather than depending on the rivers of gold flowing from the Canal Zone."

Dr. Arias informed the Panamanian populace of the resolution introduced in the U.S. House of Representatives by Congressmen GEORGE HANSEN, JOHN M. MURPHY, and 239 other House Members (House Con. Res. 347) to establish that no U.S. territory or property within the Canal Zone may be transferred until authorized by both the Houses of Congress. (CONGRESSIONAL RECORD, April 24, 1978, pp. 11282–11284). This announcement received the crowd's applause and joyous shouting.

His address emphasizes the fundamental principles of true statemanship: that permanent interests of countries should never be abandoned or prejudiced for the sake of momentary advantages that, in the long run, could prove disadvantageous.

No wonder his moving address, interrupted some 64 times by applause, shouting, whistling, chantings, and callings for Arias to be President of Panama, created fear among high officials of the Revolutionary Government who deposed him in 1968.

Former President Arias clearly demonstrated his understanding of the Isthmus' situation, and he truly displayed his power of leadership. The crowd's response exhibited the public support behind him. After such a disclosure, how the President of the United States could have gone to Panama, embraced its pro-Soviet dictator Torrijos, and signed the instruments of ratification on June 16, is beyond comprehension.

Mr. Speaker, although there have been obvious efforts to create the impression that the ratification process is complete and the giveaway is final, I wish to stress to this Congress that it is not. This crucial issue is one that transcends all partisan considerations and must be resolved on the highest plane of statesmanship if our course is to be sound and our future security protected.

The true interests of the United States are the maintenance, operation, protection, and modernization of the existing Panama Canal, and to provide the best conditions for the free and uninterrupted transit of vessels, with tolls that are just and equitable. The above would assure an optimum state for interoceanic commerce and hemispheric defense.

The real interests of Panama are its maintained independence and the con-

tinued earnings to its people from the U.S. Canal Zone sources. Estimated now at $250,000,000 annually, these interests are guaranteed only so long as the United States remains on the Isthmus, a fact which most thoughtful Panamanians realize.

In connection with the vital interests involved, the crucial question is not a mere local one between the United States and Panama but a matter of global significance for the control of strategic waterways. Realistically, it is a struggle between the United States and the Soviet Union for the domination of the Caribbean Gulf of Mexico basins.

It is evident from Dr. Arias' address that he understands the seriousness of the situation. For he warned of the "great battle that began in the Middle East, is underway in Africa, and now menaces Nicaragua, El Salvador, and Panama." And the use of force and threats is increasing on the Isthmian coasts.

The harsh reality and enthusiastic reception of Dr. Arias' address carries a strong message to us as Members of Congress. Although I have mentioned only a portion of Dr. Arias' comments, the message is clear: We must realize the true situation in Panama and act without unnecessary hesitation.

Tomorrow I will quote the first half of his speech as part of my remarks and I urge that it be read by every Member of Congress, committee staffs concerned with Isthmian policy questions, editors, historians, scholars, and others interested in the security of the United States and the entire Western Hemisphere, including Panama. Please read Señor Arias' June 10, 1978, speech as printed in tomorrow's RECORD.●

HOSIERY INDUSTRY INFORMATION

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MARTIN. Mr. Speaker, it is indeed my pleasure to share with my colleagues information about the hosiery industry in the United States. The National Association of Hosiery Manufacturers have selected September 10–16, 1978, for their eighth annual celebration of National Hosiery Week, and in anticipation of this event I would like to offer some little known facts which I believe merit our attention.

During 1977, the U.S. hosiery industry produced more than 3 billion pairs of hosiery, or more than 14 pairs for every man, woman and child in the country. Hosiery mills are located in over half of the 50 States and in Puerto Rico. I'm especially proud to say that 55.1 percent of the total production of hosiery takes place in North Carolina, the largest of the hosiery producing States.

This total hosiery production has been undertaken by some 74,500 workers in 330 companies, operating 444 plants. Many of these individual manufacturers are small businessmen, working hard to earn a profit while providing jobs for others and helping the economy of numerous small towns and cities.

Thousands of retailers around the country—including department stores, supermarkets, mass merchandisers, drug stores, shoe stores, and specialty shops—will join in celebration of National Hosiery Week. The National Association of Hosiery Manufacturers has provided these retailers with National Hosiery Week idea kits, lapel badges for employees and hosiery fashion information to assist them in preparing their displays and promotions highlighting hosiery products and the industry's contribution to the Nation's economy.●

FEDERAL RECLAMATION LAW

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. MILLER of California. Mr. Speaker, on July 17, I testified before the Subcommittee on Water and Power Resources, of the House Interior Committee, on the issue of Federal Reclamation law. I would like to share my views with my colleagues by inserting into the RECORD the text of my testimony:

TESTIMONY OF CONGRESSMAN GEORGE MILLER

Mr. Chairman, I appreciate having the opportunity to testify before this Subcommittee this morning on the very important, and very complicated, issue of federal Reclamation law. Over the past year and a half, this Subcommittee has taken the first steps in recent memory towards reviewing and mandating overdue reform in certain aspects of federal Reclamation policy. This hearing continues that process, one which will require great study by a wide range of concerned individuals throughout this country before we actually begin the process of considering legislation.

Almost all of the public discussion concerning the need to reform Reclamation law has focused on a small number of issues such as the acreage limitation, the residency requirement, procedures for the disposition of excess lands, and the possibility of providing for a "buy-out" from these provisions for projects in which landowners repay the cost of the project. These modifications in the 1902 and 1926 Acts are necessary, it has been alleged, because the fiscal, economic and farming realities of 1978 and the future necessitate the modernization of an archaic law.

Contrary to the occasional allegations of some, I think the record in almost all cases is very clear: irrigators knew the terms and conditions associated with Reclamation projects before their irrigation systems were authorized, and they accepted those conditions. Now, when the time is coming due to follow-up on their portions of the bargain—after the multi-billion dollar projects have produced enormous wealth for a select group of farmers for many years—they seek to modify the law for their further benefit, at great cost to the general taxpayer, and to the fundamental principles of Reclamation law.

Despite my role as a strong advocate for the enforcement of the Reclamation law, I do not doubt that there are certain areas which might well require modification. Foremost among these, it seems to me, are the questions of acreage limitations, disposition of excess lands, and the residency requirement, which are allegedly antiquated and ill-suited to the 21st century.

But, the central, and most fundamental, concept of my testimony here today, and my views on Reclamation policy overall, is this: if these aspects of Reclamation law are inappropirate to our present day, then most certainly there are many other areas of that law which similarly are outdated and out of touch with modern economic policy. The overall interests of the taxpayers and citizens of the United States must be as fully protected by this Congress as any sections of the law which anger or discomfort individual irrigators.

Let me state at the outset, and fundamentally, that the Reclamation program was never intended as purely an economic one. The federal investment was to be repaid not merely through the payment of taxes by farmers (based upon their personal profit from federal subsidies), but was predicated upon a social goal. As F.H. Newhall, the first director of the Reclamation Service, stated:

"The object of the Reclamation Act is not so much to irrigate the land as to make homes . . . It is to bring about a condition whereby that land shall be put in the hands of the small owner, whereby a man with a family can get enough land to support that family."

Basic to Newhall's view is the viability of the farms to be created out of the large land masses irrigated by federal reclamation policy. Surely, no one in 1902, or today for that matter, would advocate the fragmentation of the land into uneconomic units. I am fully aware of the massive, and costly, publicity which has maintained recently that it is entirely impossible to farm economically the amounts of land permitted under the Reclamation Act. Expensive advertisements have been taken out in major publications throughout the country implying that farms would be restricted to 160 acres, and that such a farm could not possibly subsist in today's climate of "agribusiness efficiency."

Now, the people who paid for those ads attempted to perpetrate a hoax on this Congress and the general public, and they committed a grave insult to the integrity of the Reclamation program. Nowhere was it ever suggested that farms be limited to 160 acres—not in the past, and not even in the rules and regulations proposed by Secretary Andrus. And the people who produced the propaganda opposing the law surely must have been fully aware of that fact.

Let us look briefly at this issue of farm size. I am from California, and I know we have very large farms there. But the fact is that the average size irrigated farm in the 17 western states involved in the Reclamation program is not 2,000 acres, not 640 acres, nor even 320 acres: it is 184 acres (1974 figures). The highest average farm acreage is in Nevada, with 408 acres; Utah has the lowest, 92 acres. The average size irrigated farm in California is not even 160 acres—it is just 157 acres! Nationally, the average irrigated farm is 169 acres!

From listening to the outbursts from certain Reclamation interests, one might assume that enforcement of the Reclamation Act would affect every farmer in America, and revolutionize agricultural patterns. In fact, just 5,288 farms in the country are affected (three quarters of them in California), constituting just two-tenths of one percent of all U.S. farms, and just one percent of all U.S. farmland! Among those farmers, most are in compliance even with the acreage limitation provision of the Act as it currently stands. Of the 1.3 million acres of excess land, over 82% of it is located within the State of California.

Available data indicates that small farms do exist in very large numbers, and that these farms are economically viable. A review of farm economics in Fortune maga-

zine in 1972 ("A Tough Road to Hoe," August, 1972) concluded that, "[I]ndependent farmers agricultural economists and many corporate managers agree that the most efficient producing unit is the farm that can be run by its owner." [Emphasis added] A Department of Agriculture finding the following year closely paralleled this conclusion, noting that the one to two person farm operation is the most efficient unit, and that the concentration of farming will not lower prices of food to consumers. ("One Man Farm," USDA–ERS–519, August, 1973).

These figures have been supported by studies of the Department of Agriculture, which reported in 1975 that the average per acre value of crops grown on lands served by federal projects in the 17 western states is $475 per acre, at 75 percent parity. This means that a 160-acre farm would produce a gross income of $76,000 annually; a 320-acre farm would produce $152,000, and a 640-acre farm $304,000. Naturally, these acreages would be modified by a Class I equivalency factor in certain areas of the West.

Even presuming that these figures are overly optimistic by a factor of 50 percent or even 75 percent, the resulting incomes are substantially higher than the average farm or urban income of the American worker. Certainly, these figures dwarf the incomes of farmers in non-reclamation areas of the country who do not benefit from the subsidies of this federal program.

Thus, we reach another major question to be decided by this Congress: should the federal government use taxpayers' money to build subsidized projects for a small group of farmers, thereby guaranteeing those farmers an income which is substantially higher than the average citizen or farmer? I continue to believe in the fundamental concept of Reclamation law: the benefits derived from the federal investment in the construction and operation of these projects must be distributed to the widest number of people, and must not accrue to a select group of individuals.

Having described my personal philosophy, let me move onto specific recommendations concerning legislation. These concepts will be reflected in the "Family Farm Preservation and Reclamation Reform Act" which I will introduce in the near future.

ACREAGE LIMITATION AND LEASING

My earlier discussion illustrates the significant doubts which I hold concerning the setting of a firm acreage limitation at this time. Without doubt, more information is required before a final determination can reasonably be made by Congress. Although it appears that 160 acres is a reasonable farm size economically in some cases, practical reality and the history of enforcement establishes that it is not considered today to be a reasonable ceiling on ownership or operatorship.

For the present, I believe that no reasonable case has been made for a ceiling in excess of 320 acres owned or leased in areas of Class I land per individual. Joint ownership up to 640 acres should be permissible. Not only would such a formula assure economic viability, but it would cause a minimum of dislocation in almost every state, since most farms are well below this figure already.

I believe that it is critical that we avoid introducing complex bureaucratic provisions in any new law. I do not see the wisdom of requiring family relationship between joint operators, so long as the operation itself is not in excess of the 640-acre limitation and each owner meets the residency test.

To assure the widest distribution of benefits from federal taxpayer investment in Reclamation lands, ownership by an individual of lands in more than one district, in excess of the 320-acre figure, should be strictly prohibited. Land currently in excess of this proviso should be treated as excess lands, presuming the constitutionality of such a provision.

RESIDENCY

Inclusion of a residency provision is essential. Failure to include such a requirement would encourage the ownership of land by non-farmers, which is directly contrary to the 76-year-old philosophy of the Reclamation Act, and which is unjustified on economic or policy grounds.

Residency should consist of two tests: the farmer should be required to live within 50 miles of his land, and he should additionally be required to be actively engaged in the operations of the farm on a daily basis.

It should be noted that, according to Bureau figures, many districts are substantially in compliance with the proposed 50-mile residency test already. Of the figures cited, only districts in the San Luis Unit—Westlands (35 percent), Panoche (46 percent) and San Luis (30 percent)—have fewer than 75 percent compliance, and many have 90 percent or better.

Exceptions from this rule should be provided, on a short-term basis, for medical reasons or because of economic setbacks. Under neither condition would it be fair to require a farmer to dispose of his lands. Similarly, a retired farmer should be able to retain ownership after working the land for a minimum 15-year period, even though he moves out of the area.

DISPOSITION OF EXCESS LANDS

Currently, the law requires the disposition of excess land within 10 years after the owner begins to receive federal water. This provision should be maintained. Much of the debate has revolved around how the disposition should occur.

I believe that a great deal of the concern has stemmed from the questionable sale-and-lease-back schemes which have made a sham of the small farm concept in certain areas. Strict enforcement of the acreage limitation, residency requirement and leasing provisions I outline today will, I believe, eliminate much of the circumvention of the intent of the law in the disposition of excess lands. I do not think, therefore, that it would be wise to develop a broad new framework for that process.

Rather, I believe that the Interior Department's suggestion in Secretary Andrus' May 3, 1978, letter deserves strong support. Owners of excess lands should be able to sell that land, under approved prices, to family members, employees (or former employees), or adjoining neighbors. If a sale has not been made to one of these groups at the end of the disposition period, the Secretary of Interior should conduct a lottery to dispose of it. Provisions should be made in the conduct of the lottery to assure that joint operators would be able to purchase adjacent tracts.

Controls on the resale of such land should continue for a period of 15 years after the original sale, to prevent turn-around resale and speculation. I think that the bill authored by our colleague on the subcommittee, Mr. Krebs, can serve as the basis for this provision of any new Act.

Lastly, I believe that the law should authorize the Secretary of Interior to purchase a portion of this excess land for resale or lease to potential farmers who would not otherwise be able to acquire the land, and then permit these new landowners to repay the federal government from their profits. We have long allowed current landowners to profit from government support. It seems to me wholly consistent with the original intent of Reclamation law, and with contemporary conditions in the West, that the government aid the large mass of landless who seek to acquire a parcel of land for their own.

BUY OUT PROVISION

Several bills have been discussed during the present Congress which would have the effect of repealing the acreage limitation and other aspects of Reclamation law after a water district has totally repaid the federal government for its cost of a project. I believe that this issue may well constitute one of the fundamental issues in the present debate.

The buy out concept is based upon several basic misconceptions. First, it presumes that the Reclamation program is entirely a fiscal one, and that payment of certain costs also buys one's way out of compliance with the primary social import of the law. This is obviously false.

Secondly, it remains unclear precisely what landowners would be required to repay: Their share of construction? Interest charges? Continuing operation, maintenance and replacement costs? How could one group of landowners be able to contractually obligate subsequent landowners to repay the otherwise forgiven interest costs, a factor which could inhibit the resale, and dispersal of this land?

There are very few cases in which there is any serious question but that the Congress fully intended that, along with the benefits of the Reclamation program, would come long-term responsibilities and obligations by the beneficiaries. The existence of those obligations should come as no surprise to these irrigators, although the intention of the Department of Interior to enforce the law may be unpopular.

In certain cases, after careful scrutiny, Congress has provided for buy-outs, or has waived facets of the law, by means of authorizing legislation. A broad exemption or buy-out provisions, formulated without thorough study, is indisputably not in the public interest, and should not be included in any revision of the law.

The legislation which I will soon introduce will require the Secretary of the Interior to evaluate and report to the Congress on the workability of a proposal to permit the waiver of certain costs or obligations by districts which have been determined to be in substantial compliance with the intent of the Reclamation Act by virtue of having established and maintained a stable pattern of family farming.

However, it would be thoroughly unfair to the broad public interest to permit landowners to simply buy their way out of compliance with the law, to thereby abandon their half of a bargain freely entered into, to obligate future landowners with hundreds of millions of dollars in additional debt, and to pay off a public debt (at original cost levels) with their highly inflated dollars earned through federal subsidies. These catastrophes would be the net result of a general buy-out provision.

* * * * *

These issues have been widely discussed in the debate over Reclamation reform. But there are other serious issues which also must be addressed, and treated, in reform legislation. Last year, this Subcommittee enacted legislation which I co-authored which established the San Luis Task Force. The Report of the Task Force, which was delivered to Congress last January and reviewed by this Subcommittee in recent oversight hearings, exposed a number of very serious problems in the operations within that Unit, which includes the largest Reclamation district in the United States.

Many of these problems, however, are not unique to San Luis, but are translatable to the Reclamation program in general. Remedies should be included in any reform law which Congress approves, and will be

included in the legislation I will soon introduce.

FORMAL NOTIFICATION OF DESIGN CHANGES, REFORM OF REPAYMENT AND INDEXING; DEAUTHORIZATION

These reforms would eliminate very serious and costly problems which have plagued Reclamation projects over the years. I believe that the recent work of this Subcommittee clearly demonstrates the value of additional oversight of the Reclamation program.

The law should require Congress to approve any design change which would result in the substantial alteration of any project, especially the addition or deletion of any facility not specifically included in the original authorizing legislation. No construction should be permitted without specific congressional approval through authorizing legislation. The Congress should be notified whenever Bureau officials determine that a project is likely to exceed its approved authorization ceiling.

Indexing of project authorizations should be limited to a five year period. Long term indexing has the effect of reducing the opportunity for oversight.

Reclamation projects should be automatically deauthorized if funds are not appropriated within eight years after enactment of authorizing legislation. There is currently a backup of projects with a total cost of billions of dollars, and some of the Acts authorizing these projects are many years old.

Repayment of the costs of the construction of project features, which are the obligation of project beneficiaries under sections (9)(d) and (9)(e) of the Act, should begin upon the completion of each contract. Current law requires the initiation of repayment when the project is determined to be "substantially complete." The San Luis Task Force clearly demonstrated that in the case of the Westlands Water District, repayment has been delayed for years although the Unit is receiving far more than its existing firm water requirement, and virtually all approved lands within the District have been in production for years. Delaying repayment costs consumers a great deal of money, because costs ultimately will be paid off with inflated dollars.

WATER CONSERVATION

Last year, I introduced H.R. 8468. This legislation would establish water conservation as a primary goal of the Reclamation program. In his recent water policy, President Carter enunciated a similar goal.

Especially in areas determined by the Secretary of Interior to be drought prone, irrigators should be required to install devices to achieve the more efficient use of water. A federal loan program should be established to aid them in the purchase and installation of the best available technology for conservation.

The General Accounting Office has estimated that as much as one half of our water resources are being wasted agriculturally. ("Better Federal Coordination Needed to Promote More Efficient Farm Irrigation," June 22, 1976.) This totals more than 4 billion gallons annually of a valuable, and increasingly scarce, natural resource. By means of a program to line canals, replace them with pipe, utilize drip irrigation, and other techniques, tens of millions of gallons of water annually could be saved, together with the millions of barrels of oil it takes to transport that water.

As an added sidelight, the emphasis on agricultural and residential conservation will stimulate the economy. In California, 30,000 jobs have been created in the last two years because of that State's water conservation program.

WATER PRICING

I also introduced H.R. 9592 last year. This bill would establish more sound pricing policies for federal water. The unreasonably low price of many federal contracts encourages the waste of water. Despite the legal requirement that prices reflect, at a minimum, the cost of delivery, this mandate is circumvented through the signing of long term contracts, for periods of up to 40 years, in which the price is locked in at original levels with no inflation escalator. Thus, some federal customers are paying less than one half the true cost of water delivery, and could continue to do so for thirty years. The cost of this subsidy is recovered by adding onto the bills of utility customers, or from general tax revenues, both of which are unsound and unfair.

The Interior Department has recently decided to require all new contracts to include renegotiation provisions. This is a sound step towards improved protection of the public interest. A mandatory review of prices should occur every two years, and the price altered to reflect any additional increases, or decreases, in the cost of delivery. In addition, where existing long term contracts preclude renegotiation, all interim sales not covered by the existing long term contracts should, at a minimum, reflect the current cost of delivery, and should also attempt to recover some or all of the costs of the firm supply which are otherwise lost, up to the irrigator's "ability to pay." For example, in the case of Westlands, the current long term price (set in 1954) is $7.50. The current cost of delivery is $13.50; the ability to pay is in excess of $40 an acre foot.

Surcharges should also be established for water users who grow crops unsuited to the climatic regions in which their farms are located. A table of surcharges, similar to that contained in H.R. 9592, should be established to discourage the planting of water intensive crops in arid regions. The same cropping pattern assumptions which have been used to establish ability to pay could be used in determining such pricing arrangements.

ABILITY TO PAY

The GAO has also made recommendations concerning modifications in the ability to pay process. ("Appraisal Procedures and Solutions to Problems Involving the 160 Acre Limitation Provision of Reclamation Law" June 3, 1976) GAO has concluded that current evaluations of repayment ability, and appraisal techniques, result in substantial losses for the public. For example, ability to pay has often been based upon a 160-acre farm size, to the great financial benefit of the irrigators who oppose that concept. Modifications in these procedures, which are critical to the recovery of billions of dollars in federal investment, should be made along the lines recommended by GAO.

PUBLIC PARTICIPATION

I have also introduced legislation requiring that Reclamation contracts be publicly disclosed, and that there be an opportunity for a hearing before their signing so that potentially affected parties have the opportunity to know of their provisions and comment on them. The Department issued draft rules and regulations along the lines of H.R. 6335 last month.

Such procedures are required by the virtual cloud of secrecy in which some Bureau negotiations have occurred. The terms of these contracts not only involve many millions of federal dollars, but the availability of water to other users who should know of the commitment in advance. For example, the Bureau has contracted in recent years for hundreds of thousands of acre feet of "surplus" water for some Central Valley customers without ever informing other potential customers that the water was being sold. Moreover, the water was sold at extremely low rates, which constitute a further public subsidy, even though the Bureau unquestionably had the authority to require repayment at the current cost of delivery, as required by law.

It is particularly important that all contracts be subject to this review. I have informed Secretary Andrus that the proposed regulations appear to exclude temporary contracts. This is profoundly unwise, because these contracts total many millions of acre feet annually, and clearly must be subject to review. Adequate public notice of the signing of temporary contracts in 1976 by the Bureau in California could have led to the disapproval of some, with the effect of having carried over some additional yield in our reservoirs for what was already threatening to be a severe drought in 1977. Instead, virtually all the available water was sold on a "surplus" basis in 1976.

COOPERATIVE EXCLUSION

Earlier I mentioned that no more than 640 acres should be able to be farmed together under the Reclamation Act. I believe it would be wise to provide an exclusion from this restriction in the case of land which is owned or farmed jointly as a cooperative venture. Clearly, this section would have to be very carefully drawn so as to exclude specious "coops". But the workability of some of the farmworker coops in the Salinas Valley in California have established a model which I think should be encouraged in the Reclamation program.

PROHIBITION ON OWNERSHIP OF MORE THAN 320 ACRES IN MORE THAN ONE DISTRICT

Currently, there are a number of major farm interests which circumvent the Reclamation Act by owning large amounts of land in more than one district, often in other states. This allows them to accumulate many times the permissible amounts of acreage. I believe that any new law should restrict ownership to 320 acres on all lands served by federal water.

FEDERAL PURCHASE OF EXCESS LAND

My legislation will authorize the Secretary of Interior to purchase each year up to 33⅓ percent of the excess lands which are available for sale that year. These lands would then be available for resale or for lease to family farmers who could not afford to purchase them under normal market conditions under special conditions. This procedure would assure the dispersal of land to many who otherwise could never hope to acquire farms.

In the Westlands District, the current approved price for an acre of land, I believe, is about $750. If we assume that excess lands will be sold in parcels of 320 acres, the cost of acquiring the tract would be in excess of a quarter of a million dollars, not including additional costs which could be added on for improvements and equipment. I suggest that very few potential family farmers could even begin to compete for that land at such prices. I would further note that the legislative proposals which would up the acreage limitation to the area of 1000 acres, or more, would necessarily have the effect of pricing excess land out of the economic reach of all but a very select few.

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Mr. Chairman, these proposals constitute the outline of a substantive reform of the Reclamation law. I have little doubt that some of them could be perfected. Neither have I any doubt whatever that both we in the Congress, and those in the Department of Interior, lack today the thorough data base upon which we must rely before formulating this new law. It is going to take us some time, and great effort, to assemble that information, but the resulting reforms will be far better for our effort.

In conclusion, I would strongly re-emphasize my opening comment that the problems which confront us in amending the Reclamation Act go far beyond acreage limits or residency tests. If those portions of the 1902 Act are to be "modernized", then all other facets of the program must similarly be opened to congressional scrutiny and amendment. Failure to address these is-

sues will overlook years of investigation and study which points to the need to reform the Reclamation program comprehensively for the benefit of the farmer, and the protection of the public trust.

ONE OF THE PRINCIPAL ARCHITECTS OF THE KENNEDY-JOHNSON TAX RATE CUTS TESTIFIES FOR ENACTMENT OF THE KEMP-ROTH TAX RATE REDUCTION ACT

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. KEMP. Mr. Speaker, one of the principal congressional staff architects of the Kennedy-Johnson tax cuts testified last week before the Senate Finance Committee in support of enacting the Tax Rate Reduction Act, the Kemp-Roth bill.

Dr. Norman B. Ture, who helped devise the dollar revenue feedback justifications for that cut for the then-chairman of the Committee on Ways and Means, Wilbur Mills, testified that the Kemp-Roth bills, H.R. 8333 and S. 1860:

. . . constitute one of the most constructive and exciting tax policy developments in the past decade and a half. Enactment of these bills, by reducing marginal income tax rates on individuals and corporations, would materially reduce the existing tax biases against market-oriented personal effort and private saving. The consequences thereof would be substantial increases in employment, production capacity, output and real wages, and total income.

The question has been asked in recent weeks: What economists, what noted authorities on tax policy and the consequences of tax amendments support the Kemp-Roth bill. Well, here is one, and one not alone. He joins the ranks of those many others reflected in last week's testimony before the Senate committee and detailed in the materials I have added to the debate through putting them in this record of our proceedings in recent weeks.

The Ture testimony follows:

STATEMENT BY NORMAN B. TURE

The Roth-Kemp bills, S. 1860 and H.R. 8333, respectively, constitute one of the most constructive and exciting tax policy developments in the past decade and a half. Enactment of these bills, by reducing marginal income tax rates on individuals and corporations, would materially reduce the existing tax biases against market-oriented personal effort and private saving. The consequences thereof would be substantial increases in employment, production capacity, output, and real wages, and total real income. Assuming the monetary authorities could curb their penchant for accelerating expansion of the money stock, the strong increases in output would significantly dampen both expected and realized inflation. The substantial increases in private-sector employment which would result would afford a solid basis for decelerating the growth in Federal spending

The design of the proposed tax reductions is refreshingly simple—just reduce marginal tax rates. Roth-Kemp, moreover, is blessedly free of the usual tax "reform" encumbrances which, once the rhetoric is peeled off, are revealed merely as increases in the tax burdens on middle- and upper-income-level individuals and on companies; Roth-Kemp provides the truest and most basic reform—reduction in marginal tax rates. And Roth-Kemp makes no spurious pretenses about simplification; the bills truly provide greater simplicity—they simply reduce tax rates.

It is clear, surely, that there is no damning with faint praise in my endorsement of the Roth-Kemp proposal. On the other hand, excessive claims on its behalf should be avoided. It is not the ultimate tax legislation. It would leave a substantial bias against private saving in the tax system. While it would reduce their severity, it does not directly address a large number of structural tax problems. For example, the problem of double taxation of returns to capital going through the corporate conduit would remain, urging that more significant corporate rate reductions than those proposed in the bills are very much in order.

Certainly the most excessive and troublesome claim made on behalf of Roth-Kemp is that this massive income tax reduction, larger by far than anything we've ever experienced, would result in increases in Federal tax revenues. Permit me to examine this question before turning to a brief quantitative analysis of the bill's economic effects.

The enactment of the Roth-Kemp tax cuts would not increase Federal tax revenues compared with amounts which would be realized under present law. On the contrary, Roth-Kemp would result in substantial revenue losses.

I know of no analytical or empirical basis for asserting that individual tax rate reductions, averaging about 30 percent, would increase rather than decrease tax revenues. In the last few months, considerable attention has been given by the media to a popular and hyperbolized version of a well-established principle in public finance theory that households and businesses will change the composition and volume of their activities in response to tax changes. These changes in economic activities mean that the net effect on tax revenues will differ from the so-called first-level or initial-impact revenue estimates which are customarily provided. It follows from this principle that a tax may be imposed at a rate so high that changes in revenues will be in an opposite direction to changes in the rate. For example, one can conceive of an income tax imposed at so high a rate that a modest reduction in the rate would result in an increase in the revenues it produces. This would result if the rate reduction were to impel a significant increase in the supply of labor and capital services. This, in turn, would partly depend on the elasticity of the labor supply with respect to the after-tax real wage rate and on the elasticity of saving with respect to the after-tax real return to capital.

Some rough arithmetic suggests how improbable is the notion that the proposed tax reduction would entail no revenue loss. The proposed individual rate cuts average about 30 percent. To avoid any loss in individual income tax revenues, taxable individual income would have to increase by a little more than 40 percent. Even allowing for substantial increases in wage rates, this would require enormous increases in employment and in the amount of capital inputs—on the order of 40 percent in each case. Such increases imply elasticities of the supply of labor and of saving which are multiples of the actual estimated elasticities.

There should be no mistake on this score: Roth-Kemp would result in significant revenue losses. As shown in Table I, when fully effective in 1981, and taking account of the expansion of economic activity resulting from Roth-Kemp, the net-of-feedback revenue effect would be a loss of about $40 billion (in constant 1977 dollars). Ten years after enactment, Federal tax revenues would be $53 billion less than the projected amount under present law.

The very magnitude of this net-of-feedback revenue loss is, in fact, one of the principal advantages which should be claimed for the proposal. Roth-Kemp should be seen as a kind of Federal Jarvis-Gann. Just as Proposition 13 imposes on government officials in California the necessity for reassessment of priorities, for economizing in government's preemption of privately owned resources, so too would Roth-Kemp impel some serious, real effort to slow the growth in spending by the Federal government. Moreover, the very substantial increases in employment, output, and income which would result from Roth-Kemp would surely undercut the specious notion that ever larger annual additions to Federal spending are necessary to provide an adequate number of jobs.

Even if the enactment of Roth-Kemp failed to push the Executive branch and the Congress to some constructive economizing, that is, even if the Federal policy makers accept huge deficits as the appropriate fiscal way of life, the proposed tax reductions would have a strongly expansionary effect on the economy. As shown in Table 1, employment (measured on a full-time equivalent basis) would increase over projected present-law levels by about 2.1 million jobs in the first year; 10 years later, in 1988, there would be more than 5.6 million additional jobs. These employment gains would be associated with major increases in labor's productivity and real wage rates: in 1979, the overall average real wage rate would be $930 more than its projected level under present law, and by 1988, the gain would be $1,670. Complementing the increase in labor inputs would be substantial additions to the stock of private business sector capital. Compared with amounts projected under present law, gross private domestic investment would increase by about $90 billion in 1978 and by about $166 billion in 1988.

The expanded levels of employment and real wage rates and the increase in the stock of capital and the total returns thereto add up to significant increases in real GNP. Real GNP under Roth-Kemp would be $175 billion greater in 1979 and $450 billion more in 1988 than under present law.[1]

This Committee is aware, I am sure, of the criticism that has been directed against the Roth-Kemp tax reduction proposal. This criticism, for the most part, derives from antique, obsolete notions about how fiscal changes affect the economy. They are the same Keynesian notions which disregard the effects of tax changes on the conditions of

[1] These estimates are obtained from use of the Analysis of Tax Impacts model developed by Norman B. Ture, Inc., to analyze and measure the economic and tax revenue effects of changes in the tax system. The Analysis of Tax Impacts model is a price-theoretic, dynamic general-equilibrium model, designed to identify and measure the effects of tax changes on the economy and on Federal tax revenues. The model's equations are specified in terms of neoclassical formulations of the determinants of the economic behavior of businesses and households. Tax changes are identified principally in terms of their impact on the relative prices of personal, market-directed effort vs. leisure, of saving and capital formation vs. Consumption; these impacts alter the conditions of supply of labor and capital inputs, hence aggregate real output and income. The effects of the latter changes on Federal tax revenues are measured to derive the net revenue consequences of any specified tax change. A technical report providing a detailed description of the model is available to the Committee upon request.

supply of factors of production, which look only to effects on disposable incomes and on aggregate demand, and which in practice have proved to be so consistently, harmfully wrong.

For the long run (the appropriate time frame for tax policy), the basic determinants of the economy's progress are the supplies of labor and capital services and advances in the state of the industrial arts. Insofar as tax policy is to be addressed to supporting and accelerating that progress, it must focus on reducing the adverse price effects of taxes, viz., their raising the cost of market-directed effort relative to "leisure" uses of time and of saving relative to consumption uses of income.

It is in this supply-side context, I believe, that one should evaluate the estimates of the Roth-Kemp tax reductions.

The proposed tax reductions would materially reduce the cost of market-directed effort relative to leisure. Our estimates of the resulting increases in full-time equivalent employment, shown in Table 1, are based on statistical estimations of the so-called substitutions and income effects on both the participation rate and the average hours per worker. Certainly the labor force data of the last few years argue strongly for the plausibility of the employment increases we have projected.

Similarly, Roth-Kemp would dramatically reduce the cost of saving and investing relative to the cost of consumption. To assert a capital formation response significantly less than shown in the table is, in effect, to argue that people's savings and investing behaviour is irrational, that people are indifferent to the after-tax return they may obtain in deciding how much of their income to save and how much to consume.

The estimated increases in the supplies of labor and capital services, shown in the Table, argue forcefully against the criticism that Roth-Kemp would accentuate inflation. The contention that enactment of these tax reductions would sharply boost inflation derives from the mistaken Keynesian views which ignore conditions of supply and look only at alleged effects of tax changes on demand, principally consumption spending.

Some critics have argued the enormous additional deficits resulting from the huge tax revenue losses would crowd out capital formation. In fact, however, the increase in private saving out of the very substantial increase in real income would be great enough to finance, in real terms, both the additional deficits and the very large increases in investment shown in Table 1.

Finally, there is the contention that Roth-Kemp would principally benefit businesses and the affluent. Table 2 presents estimates of the distribution of the increases in real income as between labor compensation and returns to capital. Just as one would expect, labor would be by far the principal beneficiary of Roth-Kemp; about two-thirds of the increase in aggregate real income would be in the form of the increase in total labor compensation.

The real significance of Roth-Kemp, I respectfully submit, is that it offers the Nation a choice. Just about 15 years ago, the character of this choice was delineated by the then chairman of the Committee on Ways and Means in connection with the deliberation in the House of Representatives over the Kennedy tax cuts. Chairman Mills said: ". . . there are two roads . . . toward a larger, more prosperous economy—the tax reduction road or the Government expenditure increase road. There is a difference—a vitally important difference—between them. The increase in Government expenditure road gets us to a higher level of economic activity with larger and larger shares of that activity initiating in Government—with more labor and capital being used directly by the Government in its activities and with more labor and capital in the private sector of the economy being used to produce goods and services on Government orders. The tax reduction road, on the other hand, gets us to a higher level of economic activity—to a bigger, more prosperous, more efficient economy—with a larger and larger share of that enlarged activity initiating in the private sector of the economy—in the decision of individuals to increase and diversify their private consumption and in the decisions of business concerns to increase their productive capacity—to acquire more plant and machines, to hire more labor, to expand their inventories—and to diversify and increase the efficiency of their production." [2]

It is with respect to this public policy choice, I believe, that we can and should most meaningfully compare today's situation with that of 15 years ago. The Congress made the right choice then. Roth-Kemp provides the opportunity for the right choice today.

[2] Statement by Wilbur D. Mills, Chairman, Committee on Ways and Means, Sept. 16, 1963.

TABLE 1.—ECONOMIC AND TAX REVENUE EFFECTS OF S. 1860 AND H.R. 8333—THE ROTH-KEMP TAX REDUCTIONS

[Dollar amounts in constant 1977 dollars]

	1979	1981	1983	1988
Increase or decrease (—) in:				
Employment (thousands of full-time equivalent employees)	2,120	4,500	4,790	5,610
Annual wage rate	$930	1,200	1,310	1,670
Gross national product (billions):				
Total	175	289	337	451
Business sector	143	241	272	358
Gross private domestic investment (billions)	90	207	258	166
Consumption (billions)	85	81	79	285
Federal tax revenues (billions):				
Initial impact	(29)	(85)	(94)	(113)
Net of feedback	10	(40)	(51)	(53)

NOTES

The figures are the differences between the estimated amount of the respective economic magnitudes under the tax change and under present law in each year.

Amounts shown in parentheses are decreases from present law in that year, not from the preceding year under the tax change.

Estimates of employment effects are rounded to the nearest 10,000; estimates of annual wage effects are rounded to the nearest $10; estimates of effects on GNP, capital outlays, consumption, and Federal revenues are rounded to the nearest $1,000,000,000.

The estimates in this and the following tables assume (1) an annual inflation rate of 6 percent throughout the 10-yr period, both under present law and under the proposed tax reductions and (2) no change in the projected trend amounts of Government spending as a result of the tax reductions.

TABLE 2.—ECONOMIC AND TAX REVENUE EFFECTS OF S. 1860 AND H. R. 8333—THE ROTH-KEMP REDUCTIONS: INCREASES IN REAL WAGES AND IN RETURNS TO CAPITAL [1]

[Dollar amounts in billions of 1977 dollars]

	Additional wages and salaries		Additional gross capital income	
Year	Amount	As percent of increase in total income	Amount	As percent of increase in total income
1979	$124	71	$51	29
1981	197	68	92	32
1982	224	66	113	34
1988	298	66	153	34

[1] Returns to capital include income imputed to owner-occupied residences and income from abroad.

TABLE 3.—ECONOMIC AND TAX REVENUE EFFECTS OF S. 1860 AND H.R. 8333—THE ROTH-KEMP TAX REDUCTIONS: INDIVIDUAL TAX RATE REDUCTIONS ONLY

[Dollar amounts in constant 1977 dollars]

	1979	1981	1983	1988
Increase or decrease (—) in:				
Employment (thousands of full-time equivalent employees)	1,910	4,260	4,550	5,350
Annual wage rate	$740	$980	$1,080	$1,400
Gross national product (billions):				
Total	144	251	292	394
Business sector	119	212	240	319
Gross private domestic investment (billions)	70	178	221	141
Consumption (billions)	74	73	71	253
Federal tax revenues (billions):				
Initial impact	(26)	(79)	(88)	(107)
Net of feedback	8	(36)	(46)	(49)

TABLE 4.—ECONOMIC AND TAX REVENUE EFFECTS OF S. 1860 AND H.R. 8333—THE ROTH-KEMP TAX REDUCTIONS: CORPORATION TAX RATE REDUCTIONS ONLY

[Dollar amounts in constant 1977 dollars]

	1979	1981	1983	1988
Increase or decrease (—) in:				
Employment (thousands of full-time equivalent employees)	200	200	220	250
Annual wage rate	$180	$190	$210	$260
Gross national product (billions):				
Total	29	32	38	49
Business sector	23	24	27	34
Gross private domestic investment (billions)	17	25	33	20
Consumption (billions)	12	7	5	29
Federal tax revenues (billions):				
Initial impact	(1)	(4)	(4)	(4)
Net of feedback	3	(1)	(1)	0

TABLE 5.—ECONOMIC AND TAX REVENUE EFFECTS OF S. 1860 AND H.R. 8333—THE ROTH-KEMP TAX REDUCTIONS: CORPORATION SURTAX EXEMPTION INCREASE ONLY

[Dollar amounts in constant 1977 dollars]

	1979	1981	1983	1988
Increase or decrease (—) in:				
Employment (thousands of full-time equivalent employees)	50	50	50	70
Annual wage rate	$40	50	50	70
Gross national product (billions):				
Total	7	7	8	12
Business sector	5	6	7	9
Gross private domestic investment (billions)	3	4	6	3
Consumption (billions)	4	3	2	9
Federal tax revenues (billions):				
Initial impact	(1)	(1)	(2)	(2)
Net of feedback	0	0	1	1

NOTES

The figures are the differences between the estimated amount of the respective economic magnitudes under the tax change and under present law in each year.

Amounts shown in parentheses are decreases from present law in that year, not from the preceding year under the tax change.

Estimates of employment effects are rounded to the nearest 10,000; estimates of annual wage effects are rounded to the nearest $10; estimates of effects on GNP, capital outlays, consumptions and Federal revenues are rounded to the nearest $1,000,000,000. ●

$15 MILLION FLU VACCINE PLAN BY HEW

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. DINGELL. Mr. Speaker, I wish to direct the attention of our colleagues to page 41 of House Report 95–1350, to accompany the supplemental appropriations bill for fiscal year 1978, H.R. 13467, where it is noted that the Department of Health, Education, and Welfare is attempting to move Congress to enact another flu immunization program. This one will cost the Government $15 million and is a program for which there is no authorization. The Health Services amendments of 1978, H.R. 12370, has not been acted upon by the House.

There are questions as to whether or not we may be heading for "another flu fiasco." I insert in the CONGRESSIONAL RECORD at this point the excellent article by Jean Carper in the Outlook section of the Washington Post, Sunday, July 16, 1978, which discusses a previous flu program disaster, swine flu, and asks if the $15 million program in the new supplemental appropriations bill may take us in the same direction.

I urge Members to be alert to this on the House floor, Thursday, July 20.

ARE WE HEADED FOR ANOTHER FLU FIASCO?

(By Jean Carper)

The same people who brought you the swine flu vaccine two years ago are now planning another installment in the continuing saga of flu vaccines. Clinical trials are just being completed on a new vaccine to combat three types of flu expected this winter: A-Russian, A-Texas and B-Hong Kong.

As with swine flu vaccine, a special government committee recommended the new vaccine and the Center for Disease Control in Atlanta is overseeing its distribution. Washington will buy the vaccine and give the states money to carry out the immunizations. The CDC is asking for a special appropriation of $15 million for the vaccine for the 1978–'79 program.

And again, as with swine flu, the difficult questions involved are not receiving the scrutiny they deserve. Is the vaccine really necessary? Will there be a flu epidemic? How many people this time might die from the vaccine or be unnecessarily injured? In effect, is this another swine flu fiasco in the making?

If the public hasn't heard much about the program it's because the government this time is advancing it without much fanfare. Government officials do not want to alarm the public or the four pharmaceutical companies that will produce the vaccine. In 1978, vaccine makers refused to provide swine flu vacine until the government agreed to insure them against damage suits from side effects. The CDC says it won't do that this time, but that manufacturers have agreed to supply the flu vaccine anyway because the current program is more limited.

Instead of trying to vaccinate the entire population, which was the goal of the swine flu program, the government will attempt to reach only those who have a "high risk" of contracting and dying from flu: the elderly and children and adults with underlying chronic problems such as heart, lung and kidney disease. This is about 42 million people.

However, during the '78–'79 flu season, the government plans to reach only 40 percent of those at high risk, or 17 million people, including 2.5 million children. (Washington hopes half of those at high risk will be immunized by private physicians.) That is one-third as many as were vaccinated against swine flu before the mass-immunization was abruptly cancelled at the end of 1976.

Nearly everyone admits the swine flu program was a disaster. Only one person died of swine flu, but 120 died of reactions associated with the flu shots. Also, the vaccine induced a side-effect the government said it never anticipated: Guillain-Barré disease, a neurological disorder that can cause temporary or permanent paralysis or death. Recently, Joseph A. Califano, Jr., secretary of Health, Education and Welfare, called Guillian-Barré "a tragic consequence of the swine flu program" and said the government would compensate victims regardless of negligence questions. So far 439 Guillian-Barré victims have filed damage claims for $365 million, and an additional 961 persons have filed claims for other damage from the flu vaccine, for total claims of $775 million.

Ironically, on the day Califano announced this partial clean-up of the swine flu mess, he and his staff were personally lobbying members of Congress to approve the $15 million appropriation for the new flu vaccine.

Questions about the new vaccine project are all the more important because it is potentially more radical in public health terms than swine flu vaccine was.

The government does not intend the new vaccine as a one-time, hit-and-run enterprise. For the first time, the government is proposing to institutionalize flu shots as part of a permanent federal program that includes routine child immunizations conducted every fall by the states. Ordinarily, children are immunized only against polio, rubella, diptheria, tetanus, pertussis, measles and mumps. Now a certain number would also get flu shots. Further, they would get them as needed every year or two, since unlike other vaccines, flu vaccine does not confer a long-term or lifetime immunity.

This is a significant departure from the past, as the committee of experts stressed in its January report that recommended the vaccine. They noted it would be the first "organized federal support for influenza immunization" except for the swine flu program. The committee also made clear that such a limited program is only a first step, predicting that once the program is initiated successfully for high-risk individuals, it could "reasonably" be expanded to include healthy Americans.

So far the $15 million request has whizzed through the House health appropriations subcommittee with hardly a murmur of dissent. Only Republican Rep. Robert Michel of Illinois asked about compensation for victims. Reportedly, Democratic Rep. Daniel Flood of Pennsylvania, the subcommittee chairman, dampened discussion by noting that Secretary Califano had made a "personal request" for approval of the money. Sources in Congress also say Califano's staff "worked the halls," lobbying exceptionally hard for the appropriation.

The measure still has to survive other House votes and the Senate, but there is only scant indication of resistance. Ripples of concern have come from Republican Sens. Richard Schweiker of Pennsylvania, Jacob Javits of New York and John H. Chaffee of Rhode Island, who asked the health and scientific research subcommittee headed by Democratic Sen. Edward M. Kennedy of Massachusetts to hold hearings on the flu program's advisability. Democratic Sen. Warren G. Magnuson of Washington, chairman of the Senate Appropriations Committee—who could stop or delay the appropriation until it's too late for effective distribution of the vaccine—has not yet made up his mind about the issue, according to an aide.

Outside the federal government, though, there is opposition. Anthony Morris, a former virologist with the Food and Drug Administration's Bureau of Biologics, calls the program "foolish, nonsensical and dangerous." He claims: "There's no major difference between the swine flu program and the Russian flu program" except that the latter will be integrated into childhood immunizations.

Morris, who spent 25 years working on respiratory diseases and vaccines, was fired in 1976 by Alexander Schmidt, then head of FDA. Morris, who is seeking reinstatement, contends he was fired because he tried to warn superiors and the public about the dangers of the swine flu vaccine before it was distributed. Morris' bosses say he was dismissed because he was incompetent.

Additionally, some states are resisting. New Jersey has refused to participate. Only 32 states have definitely agreed to include flu shots in their fall immunization programs, despite HEW's offer of grants to pay for them.

WILL THERE BE AN EPIDEMIC?

The major issues which need to be examined are:

Will there be a flu epidemic of the type the vaccine is designed to combat? As history illustrates, nobody can say for sure.

Flu viruses are tricky because they change or mutate from one year to the next. But the CDC's director, William H. Foege, says a virus that's around one year is likely to reappear the next. Thus the rationale for this year's vaccine is that last year Russian flu showed up in every state, and A-Texas also cropped up. There were no reported cases of B-Hong Kong, but the government still thinks there could be outbreaks this year and has included it as a precaution.

How serious the outbreaks might be is questionable. Critics note that Russian flu last year was a "mild disease" that primarily struck youngsters who quickly recovered. For example, a pediatrician in Denver reported that of eight patients who were infected, only five even developed a fever. Last year there were no "excess" deaths from Russian flu either in this country or in Russia.

Nevertheless, Dr. Foege calls the chances for an epidemic this winter "very great" and predicts that the federal vaccine project could save 1,200 lives. He agrees, though, that the epidemic may not occur. "It's impossible to predict with certainty in any year either extent of influenza activity or which virus may become prevalent," he told Flood's subcommittee. "Therefore, any decision to vaccinate carries with it an inherent element of uncertainty regarding the effectiveness of the vaccine in protecting against the next year's prevalent influenza virus."

How effective will the vaccine be?

According to government scientists, the effectiveness of the vaccine depends on how closely the antibodies from the vaccine match the antigens of the prevailing viruses. If the virus' makeup changes significantly, the vaccine is virtually useless. Thus, a vaccine is usually considered a perfect foil only for the flu virus that was around the previous year.

Even the most optimistic predict that a flu vaccine generally protects only 80 percent of those vaccinated, and that is if the antigen-antibody "match" is good. If the "match" is poor, according to the government's advisory committee, the vaccine could protect as few as 10 to 30 percent of those vaccinated.

As proof that a flu vaccine works, the CDC cites a study done last year at a Dade County, Fla., nursing home. Of those vaccinated, only 7 percent came down with A-Victoria flu. Of those not vaccinated, 41 percent got the flu. Therefore, the government concludes that the vaccine was "83 percent effective" because it reduced the number of cases by that portion.

Morris says that study has never been published and that its conclusions have been disputed. Further, he says there are numerous published studies showing that flu vaccines don't work. From 1960 to his firing, Morris' job with the government was to evaluate the effectiveness of vaccines, and he flatly states he has never seen a flu vaccine that worked. As evidence, he cites a report in the Journal of the American Medical Association, noting that in a 1969 influenza epidemic in Alaska, 78 percent of those vaccinated got sick, about the same percentage as those not vaccinated. Another JAMA-published study of vaccinations of residents of a home for the aged concluded: "Disease incidence had no discernible relationship to vaccination." A 1969 international conference on the Hong Kong flu reported that the effectiveness of some vaccines was nil.

Government scientists argue that if a flu vaccine doesn't work well, it's because the antigen has shifted or the dosage was incorrect.

In Morris' view, the flu vaccines in this country—unlike other vaccines—are inherently defective. His reason: the mechanism by which a flu vaccine tries to protect is not suitable for combatting flu viruses. He notes that viruses causing such diseases as polio and measles are invasive; they must enter the blood stream to cause illness. "But influenza," he contends, "is a localized disease. You breathe in the virus, it attacks the surface of the lung and infects more and more cells. It does not need to get in the bloodstream to cause disease." Therefore, Morris maintains, putting antibodies in the bloodstream—as flu vaccines do—is futile because they don't reach the proper targets.

The U.S.S.R., says Morris, does use a highly effective live flu vaccine that's inhaled and deposits antibodies on the surface cells of the lungs. But Morris says it's too dangerous for use here. For one thing, it often causes influenza, especially in children, at rates that would be unacceptable in this country.

Dr. Alan Hinman, director of the CDC's immunization division, agrees that local antibodies in the respiratory tract would be an advantage, as Morris suggests, and says, "When we develop better virus vaccines we may be able to do that." (The National Institute of Allergy and Infectious Diseases is working on a live flu vaccine.) In the meantime, Hinman insists that existing injection vaccines do offer protection either because of circulating antibodies or another unknown factor. "There's a lot about the dynamics of influenza that we really just don't know," he adds.

As for the new vaccine specifically, Dr. Hinman claims the vaccine has proved effective in clinical tests by stimulating the production of adequate antibodies in 70 to 90 percent of those tested.

Morris charges that in some instances, according to data presented to scientists at a recent meeting in Atlanta, the antibody production met standards in only 50 percent of youngsters tested, even after a second shot, and that much data on safety and effectiveness are still not available. Further, there's a question whether the government's trials provided an adequate sample. The government's protocol stated that 4,605 persons were "required" for the tests, but only 2,066 participated. Also, the vaccine was tested in only 316 children under age 13, 40 percent of the "required" number. Morris says that the new vaccine has been improperly tested by the government's own standards, and that there are less scientific data available on it than there were on swine flue vaccine.

A government spokesman, however, declared the vaccine "safe and effective."

What are the dangers in the vaccine?

Vaccines routinely used on children virtually never have serious side effects; the exception is polio, which is induced in about one of every 5 million vaccinations. The story is not the same with flu vaccines. CDC officials, testifying before congressional committees, have acknowledged that the chance of getting Guillain-Barré from flu vaccine, including the new one, is about 1 in 100,000 immunizations. Five percent of the stricken will die, while an estimated 80 percent will recover completely.

That means that 17 million vaccinations would produce about 170 cases of Guillain-Barré. Morris says that, compared with the nonvaccinated population, the elderly who take the vaccine are nine times more apt to contract Guillain-Barré. The risk in children with chronic disease is 5 times more, and in adults with chronic disease from 8 to 16 times more. Additionally, Morris considers Guillain-Barré only one possible adverse effect. He predicts that 100 out of every 100,000 vaccinated—or 170,000 out of 17 million—would suffer such other neurological disturbance as transient or persistent headaches and vision dysfunction.

On the other hand, Dr. Foege maintains that the increased risk from vaccine is worth it. "The risk of death in the general population from flu is 400 times greater than the risk of dying from any complication from a flu vaccine," he says, adding that the threat to the "high-risk" group to be vaccinated is even greater.

Who will assume liability for harm?

The lack of resolution on that question has caused some state health officials to oppose the program. The Association of State and Territorial Health Officials, comprised of chief public health officials in 50 states, estimates there will be 455 damage claims amounting to $228 million. They are afraid that Washington is trying to wriggle out of any responsibility, leaving them with the law suits and settlements.

Richard I. Beattie, HEW's deputy general counsel, has assured Congress that the federal government will not write a blank check for damages, as it did for Guillain-Barré in the case of swine flu and that it will not assume any legal responsibility at all. HEW will require vaccine recipients or their legal guardians to sign an "informed consent" document, stating that they understand the risks. The risks, including the possibility of Guillain-Barré, will be clearly spelled out, according to the government. Having fulfilled its "duty to warn," as it does with other childhood vaccines, the government, according to Beattie, is off the hook.

Both Joanne E. Finley, health commissioner of New Jersey, and Ronald Altman, a spokesman for the association, told Flood's subcommittee they thought that unfair. They asserted that victims will have to be compensated for injury and that the "extremely large burden" for doing that would probably fall on the states. They urged the government to set up a compensation fund as a national policy and said, until that happens, they will continue to oppose the flu vaccine program. Morris thinks it's immoral for the federal government to use its considerable power to encourage people to get vaccinated and then desert them if they are harmed.

Another fear Morris and Finley share is that the highly successful childhood immunization programs might be hurt, both by diverting personnel from them to flu shots and by engendering a fear of dangerous reactions that is absent in other immunizations. Morris thinks it would be tragic if children were deprived of worthwhile vaccines because parents develop a fear of all vaccines.

The CDC says that is unlikely, citing a public opinion poll showing that, despite the swine flu disaster, the public developed no distrust of childhood shots and only a slight distrust of flu shots. According to that poll, before swine flu, 55 percent of Americans said they would take the flu shot. This year, 53 percent said they would take a flu shot if it were recommended.

The ultimate question is whether the risk is worth the benefit.

In Morris' view there is all risk and no benefit. According to the government's figures, the benefits could range from very great to very small. Assuming the government's best case—that 17 million get the vaccine that is protective in 80 percent of them, and that the vaccine "match" is a high 80 percent—11 million Americans would be immune to flu, or 65 percent of the target group. If the vaccine is a poor "match," as few as 1.5 million might be protected. Thus, anywhere from 6 million to 15.5 million might unknowingly take a risk with no benefit at all.

Also, New Jersey's Finley complains that the program will immunize so few people that "it could in no way impede the spread of influenza." If the right kind of flu doesn't materialize, the whole program is a bust, and several hundred people end up the victims of a government miscalculation. The government argues that the same could be true if its program is scuttled.

Once a permanent influenza program is

instituted, it would be difficult to rescind. If Congress is going to ask questions, they should do it now as they did not do two years ago when HEW started beating the drums for a swine flu pandemic that never came.●

FOOD LABELING: NO PLACE FOR SECRETS

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. ROSENTHAL. Mr. Speaker, the inadequate, inconsistent and uninformative state of food labeling today is scandalous. Approximately one in four Americans must know what is in the food he or she eats, yet all too often there is no way of finding out. Food manufacturers treat their lists of ingredients as classified secrets in many cases, even to the point of ignoring the pleas of parents of children with food allergies.

As a long-time proponent of full disclosure ingredient labeling, I am pleased that the House Commerce Subcommittee on Health and the Environment has taken an important step toward solving that problem. It is holding hearings this week on food labeling legislation, including a bill introduced by the subcommittee, H.R. 10358, and my own bill, H.R. 42, the Consumer Food Labeling Act.

I am inserting in the RECORD, at this point, my testimony before the subcommittee today.

TESTIMONY OF HON. BENJAMIN S. ROSENTHAL

Mr. Chairman, I appreciate this opportunity to appear before you today to urge adoption of comprehensive food labeling legislation. Americans have a right to know what is in the food they eat. In fact, according to a General Accounting Office report, millions of Americans, for health or religious reasons, must know what is in their food. Indeed, given the growing awareness of a link between our diet and the high rates of cancer and other diseases in this country, it is a disgrace that we continue to allow gaping loopholes in federal food labeling laws. We must not allow corporate convenience to take precedence over the health and safety of millions of Americans.

There are today at least 284 food categories that are exempt from listing some of their ingredients. The Food and Drug Administration has established "standards of identity for such foods. There are certain ingredients which these foods must contain but need not label. There are other ingredients which they may contain and need not label and there are still more ingredients which they may contain and must label. This maze of outmoded regulation leaves consumers ignorant and often misled—to say nothing of possibly very ill. When ingredients are listed at all, the consumer is often led to believe that it is a complete list but, to borrow a phrase, "it ain't necessarily so."

As a result, tens of millions of people—at least one in four Americans—who, for various reasons, must know what is in the food they eat, are left in the dark. Allergy specialists estimate that over 7 million Americans suffer from allergy reactions to food ingredients such as milk, eggs, nuts and monsodium glutamate. Another 23 million people have heart conditions and must avoid saturated fats, sodium and caffeine. There are over 4 million diabetics and kidney patients who must restrict their intake of sugar and/or salt, and 25 million people with high blood pressure must also monitor their intake of salt. Others, for religious reasons must watch their diets. Yet, according to the GAO study, 45 percent of standardized foods are allowed to contain unlabeled at least one ingedient that must be avoided by one of these groups of Americans.

What makes the situation even more unbearable is that some food processors and manufacturers have in the past refused to disclose ingredients to parents of allergic children.

Very often, the only way for consumers to know what is in the foods they buy is to carry with them, while shopping, a copy of Title 21 of the U.S. Code of Federal Regulations, which lists the mandatory ingredients for standardized foods. This volume, however, consists of 2,426 pages and may prove somewhat inconvenient.

But even this method won't tell consumers what optional ingredients have been used. The results can be devastating. A 10-year-old Boston boy, Michael Gryzbinski, was in the habit of reading food labels because of his allergies. But the ice cream he ate at a friend's house one afternoon in 1973 was exempt from FDA labeling regulations. It contained peanuts (unlabeled), a forbidden food for him. The youth immediately went into anaphylactic shock and died within a few minutes.

I applaud the provision in your bill, H.R. 10358, Mr. Chairman, which would require the listing of ingredients of all foods, including those subject to a standard of identity. I am pleased that it would also require the specific labeling of artificial colorings. These chemicals are among the most suspect of all food additives. Many have led to cancer when fed to test animals and have now been banned from the market. The most recent were Violet No. 1, banned in 1973 and Red No. 2, banned in 1976. There are several questionable ones still on the market today such as Red No. 40, Orange B and Yellow No. 5 (tartrazene). Under current FDA regulations, manufacturers must indicate the presence of artificial coloring in their labeling but they are under no obligation to specify which one. These of us who want to avoid specific additives under suspicion have no means of doing it short of performing a chemical analysis on the food we buy.

H.R. 10358 does not, however, go far enough, Mr. Chairman. Why exempt individual spices and flavorings from labeling requirements? Why put the burden on the Secretary of Health, Education and Welfare to specifically ask for such labeling on a case-by-case basis? Why not make life easier for those people who are allergic to specific flavoring or spices by requiring such additives to be explicitly labeled?

We consumers have a right to know what is in the food we eat. This is especially important today when our foods are inundated with chemical colorings, flavorings and preservatives. The food industry loads the foods we eat with hundreds of millions of pounds of food additives each year but it largely refuses to tell us what they are. If these chemicals are as safe as the food processors claim, then why treat them as classified information? Full disclosure labeling would discourage manufacturers from using questionable food additives and then hiding that fact behind their labels.

Not only should all ingredients on all foods be clearly labeled, but the percentage of each and every ingredient should also be set forth:

It would greatly facilitate comparison shopping if consumers could tell at a glance what brand of ice cream contained the most cream.

It would greatly increase the incentive for food processors to sell more nutritious foods if consumers could determine what brand of chicken soup had the most chicken.

It would greatly assist parents of cavity-prone children if ready-to-eat cereal manufacturers were required to disclose the percentage of sugar in their products.

I, therefore, urge an amendment to H.R. 10358 to require that all ingredients be listed by percentage on the label. Every ingredient, no matter how small, is potentially of great importance. The burden of exemption, if any, should not be on the HEW Secretary but on the manufacturer to prove that a specific application would be against public policy.

I also recommend eliminating the provision in the Federal Food, Drug and Cosmetic Act which states that exemptions be established if compliance with the regulations is "impractical" or results in "unfair competition." This has traditionally been the loophole clause allowing food producers to claim that listing all ingredients is not practical or would divulge trade secrets. Such claims are usually groundless. Full ingredient disclosure, including percentage labeling, would not constitute revealing recipes or manufacturing processes, nor would it divulge information that a competitor's labs could not easily obtain. Such loopholes, including one that exempts the dairy industry from revealing the presence of artificial coloring, must be eliminated if food labeling regulations are to have any value.

Even listing all ingredients and their percentages is not enough. Changes in a product's composition must also be revealed. Many persons become ill each year because ingredient changes are made in familiar products but consumers are not informed. People who are allergic to certain foods or additives usually read labels very carefully, but after using a product for a period of time, they tend to assume it is the same. A potentially harmful change, however, could and frequently has been quietly made by the manufacturer. The president of the Metropolitan Washington chapter of the Allergy Foundation of America has cited several cases of capital-area children who suffered adverse reactions after eating or drinking products whose ingredients had been changed. All had used the product for long periods of time and their parents no longer bothered to check the label. To remedy this situation, notice of any change in ingredients must be set forth conspicuously on a product's label for at least six months after such a change.

To those who would argue that this notification of ingredient change would mean costly relabeling, I would only point out that there is no such complaint when packers change coupons, special offers and other useless information on their labels. Too often when we see the notice "new and improved" on a label, all it means is new prices and improved profits. It's time some of that wasted space on food labels was put to good use by sharing with consumers the information they need to have when making the economic, nutritional, health and even religious decisions that go into a food purchase.

Section 9 of H.R. 10358 authorizes the HEW Secretary to require nutritional labeling on packaged foods. Again, this is a step in the right direction. But why put the burden on the HEW Secretary? All packaged foods should contain nutritional information. According to the GAO study, "Many Americans suffer dietary and health problems due, in part, to the lack of good nutrition." The report goes on to say, "Deficient diets are caused frequently by poor food choices resulting, to some extent, from lack of nutritional information on food labels." Currently, detailed nutritional information is required only on fortified foods and foods for which nutritional claims are made. Requiring nutritional data (calories, protein, vitamins, carbohydrates, saturated and unsaturated fats, sodium, etc.) on all food labels would

encourage food processors to manufacture more nutritious foods as well as encourage consumers to be more nutrition-conscious. If we want a free and competitive market to operate when it comes to food, why allow manufacturers to withhold information as important as nutritional content?

Section 3 of H.R. 10358 requires food processors to establish food coding systems identifying the name of the manufacturer and packer, the batch number, and the date packed. This is a laudable provision as it would facilitate recalls in the case of adulterated, contaminated or misbranded foods. But why allow manufacturers to use secret codes? The consumer is entitled to know this information, if only to be better able to participate in recalls should they occur. The need for this is illustrated by the Bon Vivant vichyssoise botulism case. This product was packed under more than 30 different private labels, without Bon Vivant's name appearing on one of them—a fact which hindered that extensive recall because consumers and even most small retailers did not have access to the information they needed. The name and address of the manufacturer, packer and distributor must be set forth clearly on all food labels.

I am in full accord with the provision in section 9 of the bill which requires "sell-date" labeling for perishable foods. Such a provision would help consumers avoid stale or spoiled products, and it would encourage competition among supermarkets in their attempt to provide consumers with the freshest products available. Furthermore, an amendment to the Food, Drug and Cosmetic Act requiring open-dating of perishable and semi-perishable foods would help eliminate the confusion among existing federal regulations, the various state laws and voluntarily established dating systems. According to the GAO report, consumers frequently misunderstand the meaning of dates used on food labels today. Therefore, the law should require the phrase "sell by" to precede the last date the food package may be sold at retail (adequate product freshness would remain for home storage and consumption).

One important food labeling provision I would like to see included in legislation reported by this subcommittee would require disclosure by retailers of the unit price of packaged food commodities. The myriad of package sizes makes it extremely difficult for consumers to compare the cost of competing products or to compare the price of two or more package sizes of the identical product to determine the real cost and the best buy. Recent studies cited by the GAO report indicate that unit pricing provides valuable objective data which can save consumers more than the cost of providing such information. This would be especially helpful during periods of rapid inflation. Some stores currently provide unit price information but uniformity and comprehensiveness are lacking. Consumers are often left unaware or mistaken about what unit pricing is.

Furthermore, it is imperative that retailers mark the actual selling price on the product itself, regardless of the possible presence of computer pricing codes and automated check-out facilities. This practice, known as item pricing, would maintain the consumer's ability to double-check the grocery clerk when in the store and to check prices previously paid on items already in the home.

I disagree with the section in H.R. 10358 requiring federal pre-emption of state food labeling laws. We should not prevent state governments from adopting more progressive laws. Federal legislation should establish minimum, not maximum standards.

I do commend the inclusion in the bill of a provision which would subject alcoholic beverages to food labeling laws.

In sum, Mr. Chairman, I believe that H.R. 10358 contains many useful provisions and is a big and important step in the right direction. I would like to see it go a bit farther. Most of the amendments and changes I have set forth here today are contained in a bill also before this subcommittee, H.R. 42, which I introduced. I urge the subcommittee to examine in detail the provisions of that bill.

Our present loophole-ridden food labeling laws are an abomination. It is unbelievable that pet food labels are more comprehensive than those on foods supposedly fit for human consumption. Public health specialists observe more and more a relationship between our diet and our high levels of certain types of cancers, between sugar-laden foods and tooth decay, and between chemical additives and hyperactivity in children. The least we can do is require that food processors reveal what they are putting in our food. Indeed, consumers have a right and a need to know. The nation's leading allergists, nutritionists, and health professionals have long called for full disclosure food labeling. For the food industry to claim that this is unnecessary government interference with a free market is ludicrous. How can a free market function if information so vital to consumer decision-making is withheld from view? It is time that food labels serve the health interests of American consumers rather than the economic interests of a few major corporations.●

BALANCE(S) OF POWER SERIES, BOOK IIIA(ii)—NATO'S CENTER CORE

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. BRECKINRIDGE. Mr. Speaker, yesterday I placed in the CONGRESSIONAL RECORD the first part of an article entitled "NATO's Lost Decade," appearing in the June 1978 Armed Forces Journal International, and today I finish this selection. The article follows:

NATO CENTER'S CORE (CONT.)

LACK OF STANDARDIZATION OF FORCE MIX AND TACTICAL TECHNOLOGY

NATO nations also failed to improve the standardization of their force mix and tactical technology. Vast sums were spent on force improvements and new weapons during 1968–1974, but these were often wasted because nations spent money on the wrong capability, or spent money on capabilities that were only useful if adopted on a theater-wide basis.

The NATO Allies thus had the resources for full-scale modernization, but the collapse of U.S. leadership left NATO without the planning and direction to use these resources to a common end. NATO failed to develop a common answer to how its members should develop their armor and anti-armor capability, artillery, mobility, air defenses, attack airpower, airborne early warning and C^3 systems, or naval and anti-submarine forces.

The "standard" NATO squadrons and division organization that had been developed during the period when the U.S. equipped its Allies through MAP aid collapsed into technological chaos, an internal arms sales race, and a rapidly changing facade of high technology quick fixes. In the process, NATO failed to use or maintain its past lead in tactical technology. It not only wasted its resources, it wasted what had once been a commanding advantage in tactical technology.

NATO'S LACK OF COMMON STANDARDS OF READINESS AND COMBAT EFFECTIVENESS

For the same reasons, each NATO nation adopted its own approach to readiness and training. In most cases, each country made a series of cuts or compromises that left it dependent on weeks of warning and build-up, even when its readiness reports to NATO showed it could achieve readiness in days. No common approach was developed as to what kind of unit readiness and training was needed in the Center Region, or how reserve forces should be structured.

NATO thus became increasingly vulnerable to an unreinforced Warsaw Pact attack without doing anything substantive to cope with the contingency of a reinforced attack, or to develop an effective set of integrated contingency capabilities.

NATO'S LACK OF A COMMON APPROACH TO LOGISTICS AND WAR RESERVES

The U.S. made NATO logistics and support a "national responsibility" in the 1950's to avoid funding such Allied capabilities during a period when most Allied equipment was furnished through U.S. military assistance aid. Unfortunately, the eventual result was a total lack of coordination and very poor ability to provide mutual support.

The U.S. attempted to change this situation during the mid-1960's, but it had to reduce its support for improved NATO logistics to occasional lip service when it became clear that any integrated approach NATO planning would expose the weakness in U.S. capabilities that had resulted from equipment and munitions transfers to Vietnam.

SHAPE and the Military Committee did set new NATO requirements or "standards" for stocks and war reserves during 1968–1974, but each member nation largely went its own way in isolation.

Some nations in the Center Region bought six "days" of others. Most nations failed to buy adequate stocks of high cost items like air-to-air and air-to-surface missiles, tank rounds, and anti-tank guided munitions for even ten days of intense combat.

Most Center Region nations also failed to create effective national logistic and LOC capabilities to replace the ones lost as a result of NATO's expulsion from France.

NATO'S LACK OF FOCUS ON TNW AND CBR CAPABILITIES

The U.S. replaced NATO's nuclear "trip wire" with "flexible response" in name only. No real planning for theater nuclear warfare (TNW) or chemical-biological warfare (CBW) took place between 1967 and 1975, and no real improvement has taken place in NATOs capability to wage theater nuclear, chemical, and biological warfare for a decade.

While NATO has talked and talked about nuclear war at the political level, it has lost its past lead in theater weapons, and had drifted into growing inferiority and vulnerability.

NATO'S FAILURE TO COME TO GRIPS WITH THE PROBLEM OF FRENCH WITHDRAWAL

NATO did little to come to grips with the impact of French withdrawal. NATO neither reacted to French withdrawal with realistic changes in its force structure, nor tried to create an infrastructure for full contingency cooperation. This has left NATO uncertain about the nature of French commitment in war, and vulnerable to any attack that occurs before such NATO-French cooperation can be improved.

In spite of the run-down in France's general purpose forces, they can still increase Allied strength by nearly 30 percent.

NATO'S FAILURE TO RESPOND TO CHANGES IN WARSAW PACT FORCE STRUCTURE

NATO never moved forward after rejecting the SHAPE assessment of the balance which could be used to tie NATO force planning to the best intelligence available on the

strengths and vulnerabilities in Warsaw Pact tactics, strategy, and force structures.

The U.S. was largely responsible for this failure. Because of the pressures of Vietnam and other political needs, it revealed SHAPE's lack of realism with a rigid, consensus-oriented approach to NATO.

The U.S. also killed NATO's fledgling effort at measuring the relative capability of NATO and the Warsaw Pact in 1970, when one such study threatened to expose the nature of the U.S. run-down of NATO forces to support Vietnam. The U.S. attempts to justify its view of MBFR then effectively stifled serious further analysis of the balance.

It became impossible to honestly discuss the balance when each discussion concentrated on each member nation's political view of what force cut would be most desirable or least harmful.

Equally important, NATO's intelligence community never evolved the collective security or counter-intelligence capability it needed. Every major NATO war plan, every major study, every sensitive intelligence document, every assessment of NATO readiness was compromised during 1968–1974.

NATO gave the Warsaw Pact an almost perfect view of its own capabilities at the same time it failed to develop the capability to look at its enemy's strength and weaknesses. This was a gift worth billions of dollars in terms of Warsaw Pact planning and attack capabilities. It means that the Pact knows precisely NATO's peacetime and wartime vulnerabilities to both surprise and reinforced attacks.

VIETNAM AND THE OCTOBER WAR: THE LOST DECADE

As George Ball predicted all too accurately in the mid-1960's, Vietnam paralyzed U.S. military policy making at the highest levels, and left NATO without leadership or direction. The dedicated efforts of NATO officials and allied and U.S. staffs placeable decade that the Helsinki Conference and Henry Kissinger's fleeting "year of Europe" did nothing to redress.

And, then when the U.S. finally emerged from its slow defeat, it had to re-supply Israel using much of the remaining war reserves and unit equipment the U.S. had prepositioned for "Reforger" or which was critical to a U.S. build-up in Europe. This re-supply effort and the Arab oil embargo again divided the U.S. from its Allies. It made it even more difficult, if not impossible for the U.S. to stress Allied force improvements when U.S. weaknesses were so conspicuously exposed.

Not until 1975 did the U.S. and NATO begin to fully emerge from these pressures. The Ford Administration then promptly took the option of returning to a serious effort at force planning and a new look at the balance. The lost years had also had a critical effect on NATO's ability to think and plan.

The image of NATO unity that its supporters had fought so hard to preserve gradually turned NATO and member country planning into ritual war dances around a series of limited force improvement priorities.

It was bureaucratically impossible in 1975 to suddenly look honestly at the balance after five years of political and analytic wrangling over the effect of MBFR: even to the most dedicated advocates of doing anything to maintain NATO's deterrent facade, rather than advocates of real military capability.

Fortunately, the last three years have seen major changes in these attitudes. James R. Schlesinger began a reassessment of the Warsaw Pact threat and U.S. priorities for NATO force improvements which was inhibited by the October War, but which formed the ground work for major progress under Secretary of Defense Donald Rumsfeld. Secretary Brown has sustained this progress, and has given NATO a new priority and emphasis. The FY 78 and FY 79 posture statements mark a major revitalization of both U.S. leadership and realism in assessing the threat.

THE WARSAW PACT BUILD-UP

The Soviet Union and Warsaw Pact faced no such problems and uncertainties during 1968–1974. During this period, the Soviet Union and Warsaw Pact steadily improved their strategic and theater forces. While NATO stood paralyzed, the USSR and its East European Allies slowly eliminated the basic weaknesses in Soviet and Warsaw Pact forces which had been the fundamental rationale for McNamara's rejection of unreinforced attack in the early 1960's:

THE SHIFT TO STRATEGIC PARITY

The growth and improvement of Soviet strategic forces has eliminated U.S. superiority in strategic forces. The exact nature of the current balance, and of the future trends in the balance, may be controversial; but there can be no doubt that the Soviets have reached "parity" in terms of the impact of strategic forces on the defense of NATO.

To paraphrase Henry Kissinger, the United States now can only use its strategic forces to reduce the threat of the Warsaw Pact "murdering" its NATO Allies by risking strategic nuclear "suicide," and the threat of committing suicide is indeed a poor deterrent to being murdered.

While the Limited Nuclear Options initially developed by Defense Secretary James Schlesinger may make some use of U.S. strategic forces to support NATO credibility, a strategy of U.S. self-immolation does not seem a significant counter to Warsaw Pact attack.

EXPANDING THE WARSAW PACT'S NUMERICAL LEAD OVER NATO

Similar improvements took place in Warsaw theater forces. The balance of major weapons numbers shifted steadily in favor of the Warsaw Pact:

The Warsaw Pact overtook NATO in combat personnel.

The Warsaw Pact increased its lead in number of divisions.

The Warsaw Pact increased its already massive lead in tanks.

The Warsaw Pact took the lead in anti-tank guided missile launchers, and anti-tank guns.

The Warsaw Pact reached more than twice NATO's artillery strength.

The Warsaw Pact kept its lead in APCs and AFVs.

The Warsaw Pact overtook NATO in SAM launchers and air defense guns.

The Warsaw Pact increased its lead in fighters based in the NATO guidelines area.

ENDING THE QUALITATIVE WEAKNESSES IN WARSAW PACT LAND FORCES

More importantly, the Warsaw Pact eliminated the critical qualitative weaknesses in its theater forces. The USSR and Eastern European nations made major improvements in their Tank and Motorized Rifle Division structures, Army and Front organization, and combined arms balance. As the Secretary of Defense reports in his FY 79 Posture Statement.

"The Soviets have been expanding the structure of their tank and motorized rifle divisions, adding to their non-divisional combat capability (at Army and Front levels) and modernizing their equipment, most notably in the 20 divisions of the Group of Soviet Forces Germany (GSFG).

Since the 1960's, about 1,000 men have been added to each of the tank divisions, and approximately 1,500 each of the motorized rifle divisions.

At least in the GSFG, modern tanks, self-propelled artillery, new anti-tank guided missile, armored personnel carriers, attack helicopters (including the heavily armed MI–24 HIND and MI–8 HIP) and organic air defenses have been provided in quantity.

About half of the tanks in the GSFG are the T–62; and the T–64 is now being deployed in significant numbers. . . .

"Approximately half of the armored personnel carriers in the GSFG are BMPs, more properly characterized as armored fighting vehicles than as APCs. The new artillery consists of a heavy, mobile, multiple rocket launcher and the self-propelled, armored versions of the 122mm and 152mm guns. Organic air defenses are now made up of the S–60/57mm anti-aircraft gun, the ZSU–23/4 fully tracked, radar assisted anti-aircraft gun and five types of mobile or man-portable surface-to-air missiles."

The qualitative problems and inferiorities in Warsaw Pact tanks, AFVs, APCs, and artillery disappeared. The Warsaw Pact reached overall parity in tank quality. Warsaw Pact armored fighting vehicles (AFVs) became superior to U.S. armored fighting vehicles in both numbers and quality. The Warsaw Pact acquired armored personnel and cargo lift capability which was superior to most NATO Center Region armies at both the unit and Army/Corps levels.

Warsaw Pact artillery forces began to acquire self-propelled weapons in large numbers, and new Warsaw Pact artillery tractors were deployed which eliminated the past mobility and endurance problems in moving forward artillery.

Individual Warsaw Pact artillery weapons became superior in range, rate of fire, and barrel life to their NATO counterparts. The past Warsaw Pact inferiority in artillery munitions lethality was largely corrected, and conventional Warsaw Pact artillery rounds acquired lethality against armored vehicles equal to that currently deployed "improved" NATO artillery.

Warsaw Pact land forces also acquired mobile air defenses equal or superior to those at any NATO division or Corps. Soviet combat and support helicopter forces came to equal those of NATO, and now offer greater infantry mobility, although they seem to have inferior anti-tank armament and maneuver performance.

Warsaw Pact combat support forces improved to the point where most armies cannot approach the surge or sustained throw-weight capability of Warsaw Pact artillery forces at the Division, Corps, or Front level. Only West Germany has a weapon equivalent to the modern Warsaw Pact's multiple rocket launcher, and the United States' new general support rocket system will not be fielded for at least 5 years.

Other Warsaw Pact combat and service support forces also improved sharply in readiness and capability, and Soviet divisions now have logistic lift per man and weapon equal to that of NATO units.

APPROACHING QUALITATIVE PARITY IN TACTICAL AIR FORCE

The Warsaw Pact also developed new fighter types and air force capabilities. Non-Soviet Warsaw Pact and Soviet Tactical Aviation forces have improved sharply in aircraft performance and avionics, and are likely to acquire rough parity with NATO in air defense and attack capability at some point between 1979 and 1982.

The Warsaw Pact also acquired significant superiority in air base numbers, dispersal, and passive and active defenses NATO's technical "superiority" is now limited to a comparatively few high performance fighters, a fading superiority in avionics, and an increasingly uncertain superiority in air-to-air and air-to-ground munitions.

ACHIEVING SUPERIORITY IN NUCLEAR AND CBW CAPACITY

The Secretary of Defense's FY '79 Posture Statement notes the shifts issue in theater

nuclear capability and their effect on the surprise attack.

"The Soviets have nuclear launchers at divisional and higher levels."

"While these are powerful forces, the Soviets have deployed even longer-range systems with a theater or peripheral attack capability in the U.S.S.R. itself. These systems include light and medium bombers, the large MRBM and IRBM force which is being modernized with the mobile SS–20 MIRVed missile, and submarines and surface ships armed with ballistic and cruise missiles. NATO and the United States have hardly any forces with characteristics substantially comparable to this capability on the continent of Europe. . .

"The largest part of the Soviet theater nuclear capability is concentrated against Western Europe. This concentration, and the emphasis in Soviet military doctrine on nuclear preemption, mean that we must plan for the possibility that the Warsaw Pact rather than NATO would be the first to use nuclear weapons. Such a use might occur at the outset of a conflict or after a preliminary conventional campaign. It might be confined initially to a narrow sector of the front, or it could be initiated on a theater-wide basis. In either event, we probably could not count on significant tactical warning of such use."

Both NATO's inferiority in long-range nuclear strike systems, and its inferiority in all aspects of chemical warfare, increase NATO's vulnerability to a sudden attack before NATO forces are warned or dispersed.

CHANGES IN WARSAW PACT TRAINING, DOCTRINE, AND C³

The Warsaw Pact also steadily improved its other force capabilities:

Soviet and Warsaw Pact. C³ targeting, and battlefield management systems evolved to the point where they seem to have a capability which would be equivalent to NATO systems in large scale combat.

Soviet and Warsaw Pact land and air training changed from a rigid and slow emphasis on theater-wide mass and numerical superiority to a highly sophisticated emphasis on mobility, rapid concentration of firepower, deep penetration, and tactical flexibility. A rigid emphasis on the lessons of past wars was replaced with a steadily evolving emphasis on operations research and practical tactical experimentation in the field.

Warsaw Pact training still has many weaknesses, and Warsaw Pact armies still have grave problems in manpower quality. However, the Pact has improved to the point where NATO probably suffers from at least equivalent problems, and there is no clear reason to believe such problems in force quality favor the defense. Most significantly, there is no longer any significant evidence that either Soviet or Eastern European exercises, plans, strategy, or doctrine rely on reinforcement from the rear before an attack. Quite the contrary. Virtually all available data indicate that the Warsaw Pact now concentrates its planning and training on fighting without prior reinforcement.

The Secretary's FY 79 Posture Statement takes a conservative view of the success of these improvements, but it also notes the freedom the Warsaw Pact might have to quietly correct them before launching an attack:

"These are impressive augmentations and improvements, though the exact levels of GSFG readiness and sustainability are uncertain Around 20 percent of the enlisted personnel are new recruits rotated into the division every six months. Most of their training takes place within the divisions. Maintenance and logistic support organic to the division have been made secondary to combat capability, and rear-area logistic support for the divisions is quite skeletal, at least in peace-time. The Soviets appear confident, it should be added, that they need not be prepared for a surprise attack on Eastern Europe by NATO. Having the tactical initiative and being able to choose their own time, make these difficiencies less serious."

THE CURRENT BALANCE AND SOVIET INTENTIONS

Given the history that has led to the current NATO and Warsaw Pact balance, the build-up in Warsaw Pact capabilities does not appear to be particularly intense or disproportionate. The change in the balance of NATO and Warsaw Pact capabilities is the result of a steady and well-managed effort at force improvement by the USSR and its clients, but it is also the result of a decade-long failure of U.S. leadership. The balance is now as much the result of that failure as it is of Soviet actions. Vietnam transformed an initially sound new NATO strategy and reevaluation of the threat into force cuts and an uncoordinated waste of defense expenditures.

Yet, if history reduces the probability that the current NATO balance is the result of an immediate Soviet intention to conquer Europe, there is no question that the Warsaw Pact now has dangerous new opportunities. The U.S. and NATO must now cope with a Warsaw Pact which has virtually eliminated the previous weaknesses in its capability to launch unreinforced attacks, and the Soviet Union has eliminated NATO's shield of strategic superiority.

Further, the Soviet Union and the Warsaw Pact have simultaneously improved their capabilities in virtually every other contingency. They have strengthened their reinforced capabilities, and their theater nuclear war fighting capabilities. The USSR has also provided Far Eastern forces capable of dealing independently with China, and may be acquiring a lead in strategic nuclear forces.

NATO's problems are not, therefore, simply the problems of dealing with the present improvements in Warsaw Pact "surprise attack" capabilities. In fact, "surprise" is an overworked and ambiguous word. While such "bolt from the blue" or "Pearl Harbor" attacks are possible, they also create the highest risk of strategic nuclear war.

The real problem that NATO faces is that it is now vulnerable to attacks without warning and cannot count on the time it would take the Soviets to mobilize and reinforce; but at the same time, faces a steadily worsening balance with each day of Soviet build-up. NATO cannot compensate for this even if it begins its own all-out build-up simultaneously. Moreover, its forces will still have critical weaknesses and vulnerabilities that the Warsaw Pact can exploit to achieve "surprise" for at least several months after a NATO M–Day. The problem is not one contingency, it is every contingency. There is also little reason to assume that the Warsaw Pact build-up will not continue. The Soviet Union is steadily increasing the efficiency of its military production and technology, and has clearly demonstrated it can use its economic growth to expand its military forces without significant "consumer" protest or resistence. The USSR has no apparent incentive to develop the "goal structure" of the Western democracies, or to match NATO's military weakness with a cost-effective calculation of the exact reductions it can make in its own forces or the "counter-weakness" it can safely afford. All that is currently known about Soviet society indicates that the Soviets will continue to seek added superiority of NATO if they can do so at a reasonable cost and that Warsaw Pact forces will continue to improve forces at their past rate.

General Alexander Haig put this very well in a recent speech:

"What we are facing, is the fulfilling of the Soviet military-industrial complex. It's not because of some change in the mood of Moscow, or some mindless thing on the part of the Soviet bureaucracy. It's quite rational, and has been constant over the past decade.

"The Soviet Union has modernized its defense forces, increased its manpower 40 percent, and its fire power 130 percent. This has given them a large residue to answer calls from the Third World, especially in Africa. In the past year alone, they have shipped more arms to Ethiopia than we did in 20." ●

LET THESE PEOPLE GO

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1978

● Mr. DORNAN. Mr. Speaker, the tension mounts. The kangaroo court session is ended, and Ginzburg and Scharansky have been sentenced. What does it mean? Is it an isolated instance of political repression? Or is it a portent of something yet more terrifying, perhaps, unspeakable? No, the mind cannot bear to ponder the possibility. We are revolted by the thought. But the dark possibility still haunts us.

Is Soviet Russia in the preliminary stages of a new terror? Is Stalin "The Terrible," long thought dead and buried, being resurrected—if only in spirit? In the 1930's, it was the murder of Kirov that set the stage for the mass killings that the regime was to initiate. It was the preliminary trials, with charges of treason and conspiracy against the innocent, that paved the way for the great purges of that era. In our best spirits, in our optimism, in our desire to believe that such a thing could not happen again, we may be blinding ourselves to reality. The Stalinist regime was arrogant, primitive, an extension of the demonical bloodlust of one man. We hope, it cannot happen again. Soviet society has changed. The conditions have changed. The chemistry of the Soviet social and political order is somehow different. But then, again, we are brought up short by the realization that the massive structure of institutional repression is still there. It is available. It is tightly disciplined, manned by veterans of the Stalinist bureaucracy. They could turn on that awful machine once more. They could set in motion the apparatus of terror, imprisonment and death.

There are ominous signs, if only for one segment of the Soviet population: Soviet Jews. There is yet the possibility that the full scale machinery of terror may be turned on—just for them—a concentrated, surgical persecution. The pattern terrifies: the threats, the daily harassments, the persecution of Slepak, Orlov, Nudel, Ginzburg, and Scharansky.

We, who have known of the holocaust of World War II, who are familiar with the murderous work of Hitler, Himmler, Eichmann, cannot rule out the possibility that it could happen again. Why? Because the totalitarian state is always given to excess. It is itself an excess. And there is no crime of which it is incapable. Belsen, Auschwitz, and Dachau are proof of this. And we must not forget one fundamental characteristic of the Soviet regime: it is totalitarian and its

history is a long record of crimes against humanity.

The Pharoes of the 20th century mock justice. They parade their arrogance and contempt for the United States. They are drunk with power and the lust for conquest and repression. And, like the Pharoes of old, they have begun in earnest their persecution of the children of Abraham. They are unrestrained by anything but fear of economic and diplomatic retaliation. That is where the matter now stands.

Mr. Speaker, in Latvia, Lithuania, Estonia, and the Ukraine, there have lived and died millions of unsung Christian martyrs. Countless men and women, especially in religious orders, have payed the most severe penalties for their confession of faith. And now the persecution intensifies. The Christian nations of the West cannot standby silently. We must never forget that the children of Abraham, the Jewish people, are nothing less than our spiritual predecessors. Our obligations in this matter are clear.

Mr. Speaker, if there is one thing the Soviet leadership respects—if not adores—in its own peculiar and idolatrous fashion, it is power. We must deny them the instruments of power in the form of technological transfers and trade benefits. Our sanctions must be firm and decisive. It is not enough to talk. Talk is cheap.

Mr. Speaker, on July 18 I was privileged to join four of my colleagues on the House Committee on Science and Technology to sponsor an ad hoc forum for Mrs. Avital Scharansky and U.S. scientists to speak out against this repression. She was brilliant, moving, and inspirational. What an absolutely glorious and heroic lady. Also of all the recent information on the character of the current repression, one of the best descriptions is that of Dina Beilina in the July 1, 1978 New York Times. I commend her stirring observation to the attention of my colleagues. Like Mrs. Scharansky her observations are of the same exceptional and inspirational quality.

SOVIET JEWRY: "THE PERSECUTIONS ARE WORSE THAN EVER"

To the Editor:

"In a frightening, pogrom-like atmosphere, the secret police smashed down their door, vandalized their apartment, attacked, beat and dragged my parents through an angry, jeering, anti-Semitic crowd to a waiting police car." This is from a letter by Alexander Slepak in Jerusalem. His parents are still in Russia; the scene he described occurred just recently.

I can visualize it only too well. The six years my family and I had been awaiting our exit visa were full of such scenes. Sometimes it all seems a nightmare, while our present freedom appears a dream.

Why then did we take the risk? Open and covert anti-Semitism, lack of Jewish life, fear that Stalin's mass terror could return—these were the reasons.

What I would like most now is just to forget it all, wake up from the nightmare and live an ordinary life in Israel. It is impossible. All my friends who shared the tribulations and dangers of these years are still there, and the persecutions are worse than ever before. I came to this country at the invitation of the National Conference of Soviet Jewry to meet as many Americans as I could, and to explain to them what is happening.

Vladimir Slepak, a symbol for Soviet Jews, has been waiting for permission to leave for eight years. Now he is sentenced to five years of internal exile for "malicious hooliganism." He is guilty of nothing.

Scharansky's case is well known in the United States. President Carter is in effect a witness for the defense, having said that Scharansky had nothing to do with the C.I.A. This has not yet stopped a trial. Scharansky has been held incommunicado for more than 15 months and been refused legal help. The sentence could range from 10 years imprisonment to the death penalty.

Ida Nudel, a Moscow economist, was arrested, charged with "mailcious hooliganism" and sentenced to four years in internal exile. She has been waiting for an exit visa for seven years to rejoin her family in Israel.

These last months, the Soviet authorities have somewhat increased the number of exit permissions granted: They do it because they are trying to get American credits.

How then does this agree with this recent campaign of arrests? The Soviets are arresting those people who can tell the world the truth; the Soviet authorities are successfully operating under a quiet, well-thought-out and very effective system they have created, which consists of a series of preventive measures calculated to apply the brakes and eventually to stop Jewish emigration from the U.S.S.R.

President Carter promised during his electoral campaign to help the Slepak family leave Russia; and he confirmed this in a telegram he sent to the Slepaks.

He has interceded for Scharansky. Only one thing can add weight to the words of your government leaders—the active backing of the American people. You have this wonderful democratic mechanism which you can use to save these people. You can appeal to your representatives on behalf Slepak, Nudel, Scharansky and others. This will help if it is done in time. American help has always been our source of hope.

Soviet authorities have rushed the Slepak and Nudel trials to circumvent foreign public opinion. They will back out if they see that Americans are aware of this. It is not too late to save these brave men and women from imprisonment.

(The writer is now a resident of Israel.) ●

SENATE COMMITTEE MEETINGS

Title IV of the Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meetings as they occur.

As an interim procedure until the computerization of this information becomes operational the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committees scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, July 20, 1978, may be found in Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 21

9:00 a.m.
Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on H.R. 12536, Omnibus National Parks Amendments.
3110 Dirksen Building

9:30 a.m.
Judiciary
Immigration Subcommittee
To hold hearings on S. 3093, to provide for the seizure of vehicles used to illegally transport persons into the U.S.
2228 Dirksen Building

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To hold closed hearings on proposed supplemental appropriations for the National Telecommunications Information Agency.
S-407, Capitol

Environment and Public Works
Environmental Pollution Subcommittee
To continue oversight hearings on the implementation of P.L. 94-472, the Toxic Substances Control Act.
4200 Dirksen Building

Finance
To resume markup of S. 1470, proposing reform of the administrative and reimbursement procedures currently employed under the medicare and medicaid programs.
2221 Dirksen Building

Human Resources
Health and Scientific Research Subcommittee
To continue markup of S. 2755, the Drug Regulation Reform Act, and S. 3115, to establish a comprehensive disease prevention and health promotion program in the U.S.
4232 Dirksen Building

11:00 a.m.
*Commerce, Science, and Transportation
To hold hearings on the nomination of Thomas F. Moakley, of Massachusetts, to be a Federal Maritime Commissioner.
235 Russell Building

JULY 24

9:00 a.m.
Joint Economic
Economic Growth and Stabilization Subcommittee
To hold hearings on alleged mismanagement of Conrail's personnel and financial resources.
5110 Dirksen Building

9:30 a.m.
Finance
Taxation and Debt Management Generally Subcommittee
To hold hearings on proposed tax legislation of general application (S. 869, 1674, 2128, 2393, 2462, 2628, 2825, 3007, 3037, 3080, 3125 and 3301).
2221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Production and Supply Subcommittee
To hold hearings on S. 3078, providing financial assistance to certain States to aid in the stabilization or disposal of radioactive materials.
3110 Dirksen Building

Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on S. 1449, proposed Grand Jury Reform Act.
2228 Dirksen Building

JULY 25

9:30 a.m.
Judiciary
To hold hearings on the nominations of Jose A. Gonzalez, Jr., to be U.S. district judge for the southern district of Florida, and Edward S. Smith, of Maryland, to be an Associate Judge of the U.S. Court of Claims.
2228 Dirksen Building

Joint Economic
To hold joint hearings with the House Banking, Finance and Urban Affairs Subcommittee on the City to review economic conditions, and to discuss the future outlook.
2128 Rayburn Building

10:00 a.m.
Budget
To hold hearings on the second concurrent resolution on the Congressional Budget for FY 1979.
6202 Dirksen Building

Commerce, Science, and Transportation
Business meeting on pending calendar business.
235 Russell Building

Energy and Natural Resources
Energy Production and Supply Subcommittee
To continue hearings on S. 3078, providing financial assistance to certain States to aid in the stabilization or disposal of radioactive materials.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To hold hearings on S. 2189, proposed Nuclear Waste Management Act.
1114 Dirksen Building

Select on Indian Affairs
To hold hearings on H.R. 11092 and S. 3043, to authorize additional funds for expenses of the Navajo and Hopi Indian Relocation Commission.
2228 Dirksen Building

Special on Aging
To hold oversight hearings on Medicare-Medicaid Anti-Fraud and Abuse Amendments (P.L. 95–142), and the role of State control units.
1202 Dirksen Building

JULY 26

9:00 a.m.
*Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on S. 2189, proposed Nuclear Waste Management Act.
1114 Dirksen Building

Joint Economic
Economic Growth and Stabilization Subcommittee
To resume hearings on alleged mismanagement of Conrail's personnel and financial resources.
5110 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold oversight hearings on auto odometer requirements.
235 Russell Building

Finance
Administration of the Internal Revenue Code Subcommittee
To resume joint oversight hearings with the Select Small Business Committee on operation of the Tax Reduction and Simplification Act (P.L. 95–30), and on Administration proposals for a new jobs tax credit.
2221 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up H.R. 10899, proposed International Banking Act.
5302 Dirksen Building

Budget
To continue hearings on the second concurrent resolution on the Congressional Budget for FY 1979.
6202 Dirksen Building

Energy and Natural Resources
Parks and Recreation Subcommittee
To resume hearings on H.R. 12536, the Omnibus National Parks Amendments.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
To hold hearings on S. 1592, to terminate further construction of the Cross-Florida Barge Canal project.
4200 Dirksen Building

Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on the FBI Charter as it concerns undercover operations.
2228 Dirksen Building

Rules and Administration
To receive testimony on S.J. Res. 142, authorizing the Franklin Delano Roosevelt Memorial Commission to proceed with construction of the FDR Memorial, and other legislative and administrative business.
301 Russell Building

JULY 27

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume hearings on conglomerate mergers and their effect on the economy, on a community, and on employees.
2228 Dirksen Building

Veterans' Affairs
To mark up S. 2828, the Veterans Disability Compensation and Survivor Benefits Act; S. 1643 and H.R. 4341, to eliminate the requirement that the VA inspect the mobile home manufacturing process; and H.R. 12257, to furnish memorial headstones to honor certain deceased veterans.
412 Russell Building

10:00 a.m.
Banking, Housing and Urban Affairs
To continue markup of H.R. 10899, proposed International Banking Act.
5302 Dirksen Building

Budget
To continue hearings on the second concurrent resolution on the Congressional budget for FY 1979.
6202 Dirksen Building

Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on S. 2189, proposed Nuclear Waste Management Act.
3302 Dirksen Building

Select Intelligence
To resume hearings to receive testimony from former Secretary of State Kissinger on S. 2525, to improve the intelligence system of the U.S. by establishing a statutory basis for U.S. intelligence gathering activities.
5110 Dirksen Building

JULY 28

9:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue hearings on conglomerate mergers and their effect on the economy, on a community, and on employees.
2228 Dirksen Building

JULY 31

9:00 a.m.
Energy and Natural Resources
Parks and Recreation Subcommittee
To resume hearings on H.R. 12536, the Omnibus National Parks Amendments.
3110 Dirksen Building

AUGUST 1

9:00 a.m.
Judiciary
Improvements in Judicial Machinery Subcommittee
To hold hearings on arbitration in U.S. district courts.
2253 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Resources Subcommittee
To hold hearings on S. 2590, to amend P.L. 91–505, relating to land claims by the U.S. in Riverside, California, and S. 2774, to extend the boundaries of the Toiyabe National Forest in Nevada.
3110 Dirksen Building

AUGUST 2

9:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

10:00 a.m.
Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To hold hearings on the quality of patient care in nursing homes.
3302 Dirksen Building

AUGUST 3

9:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

10:00 a.m.
Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To continue hearings on the quality of patient care in nursing homes.
3302 Dirksen Building

AUGUST 4

9:00 a.m.
Energy and Natural Resources
Parks and Recreation Subcommittee
To resume hearings on H.R. 12536, the Omnibus National Parks Amendments.
3110 Dirksen Building

AUGUST 7

10:00 a.m.
Energy and Natural Resources
Public Lands and Resources Subcommittee
To hold hearings on S. 2475 and H.R. 10587, to improve conditions of the public grazing lands.
3110 Dirksen Building

AUGUST 8

10:00 a.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on S. 2533, proposed Gasohol Motor Fuel Act.
3110 Dirksen Building

AUGUST 9

9:00 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings to receive testimony from officials of the Department of Energy on nuclear waste disposal.
235 Russell Building

10:00 a.m.
Budget
To mark up second concurrent resolution on the Congressional Budget for FY 1979.
6202 Dirksen Building
Energy and Natural Resources
Energy Research and Development Subcommittee
To continue hearings on S. 2533 proposed Gasohol Motor Fuel Act.
3110 Dirksen Building
Environment and Public Works
Water Resources Subcommittee
To hold hearings on proposed initiatives designed to improve Federal water resource programs transmitted by the President in his message of June 7, 1978.
4200 Dirksen Building

AUGUST 10

8:00 a.m.
Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on S. 2560, to expand the Indiana Dunes National Lakeshore.
3110 Dirksen Building
9:00 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue hearings to receive testimony from officials of the Department of Energy on nuclear waste disposal.
235 Russell Building

AUGUST 14

10:00 a.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on S. 2860, proposed Solar Power Satellite Research, Development, and Demonstration Program Act.
3110 Dirksen Building

AUGUST 15

9:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

AUGUST 16

9:00 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings to receive testimony from officials of the Department of Energy on nuclear waste disposal.
235 Russell Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

AUGUST 17

10:00 a.m.
Foreign Relations
Arms Control, Oceans, and International Environment Subcommittee
To hold hearings on S. 2053, the Deep Seabed Mineral Resources Act, now pending in the Commerce, Science, and Transportation Committee.
4221 Dirksen Building
Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on S. 1449, proposed Grand Jury Reform Act.
2228 Dirksen Building

AUGUST 18

10:00 a.m.
Energy and Natural Resources
Parks and Recreation Subcommittee
To resume hearings on H.R. 12536, the Omnibus National Parks Amendments.
3110 Dirksen Building

AUGUST 22

10:00 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on S. 1449, proposed Grand Jury Reform Act.
2228 Dirksen Building

AUGUST 28

10:00 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on the FBI Charter as it concerns undercover operations.
2228 Dirksen Building

AUGUST 29

10:00 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To continue hearings on the FBI Charter as it concerns undercover operations.
2228 Dirksen Building

CANCELLATIONS

JULY 20

10:00 a.m.
Commerce, Science, and Transportation
Business meeting on pending calendar business.
235 Russell Building

HOUSE OF REPRESENTATIVES—*Thursday, July 20, 1978*

The House met at 10 o'clock a.m.

Rev. Peter J. Marshall, Evergreen Farm, Lincoln, Va., offered the following prayer:

Father, in these crisis years of our Republic, we praise You that You called this Nation into being through our Pilgrim and Puritan forefathers' faith in Jesus Christ. And you gave our Founding Fathers the divine wisdom and guidance to institute the most sacred form of government yet known to man.

We bless You for the privilege of living in this land, and for the sacred trust placed in the hands of those who work in this House. Father, make us worthy of that trust, we pray You. Grant us the courage, through faith in Christ, to stand for the truth revealed in Your Word, lest we fall for the temptation to save ourselves and do the politically easy or expedient thing. We pray, Father, that You would raise up true national leadership out of this Chamber, will call this Nation back to being a republic under Your laws, that we may be a people of individual integrity and corporate responsibility—that government of the people, by the people, and for the people may not perish from the face of this Earth.

In Jesus' name. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Arrington, one of its clerks, announced that Mr. GARN be a conferee, on the part of the Senate, to the bill (H.R. 10929) entitled "An act to authorize appropriations for fiscal year 1979 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for civil defense, and for other purposes," vice Mr. SCOTT, excused.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3083. An act to extend the authorizations for the Noise Control Act of 1972, to expand the quiet communities program, and for other purposes; and

S. 3107. An act to amend the Bankruptcy Act to provide for uniform supervision and control of employees of referees in bankruptcy.

THE REVEREND PETER JOHN MARSHALL

(Mr. BONKER asked and was given permission to address the House for 1 minute.)

Mr. BONKER. Mr. Speaker, it is a personal privilege for me to formally introduce Rev. Peter John Marshall who is the son of the former Chaplain of the Senate, Dr. Peter Marshall, who was Chaplain from 1947 to 1949.

Peter Marshall was born and raised in Washington, D.C.

He graduated from Yale University in 1961 and from Princeton Theological Seminary in 1964.

He was ordained as a Presbyterian pastor in 1965; served as assistant pastor in West Hartford, Conn., and was most recently pastor of the East Dennis Community Church on Cape Cod for 10 years. In November 1977 he resigned that pastorate and is currently conducting a teaching and preaching mission which takes him throughout the country.

He is coauthor of a book entitled "The Light and the Glory," which concerns America's spiritual roots and heritage.

Mr. Speaker, I join with my colleagues in welcoming Reverend Marshall.