"(10) PRINCIPAL RESIDENCE.—The determination of whether or not a dwelling unit is a taxpayer's principal residence shall be made under principles similar to those applicable to section 1034, except that—

"(A) no ownership requirement shall be imposed, and

"(B) the period for which a dwelling is treated as the principal residence of the taxpayer shall include the 30-day period ending on the first day on which it would (but for this subparagraph) be treated as his principal residence.

"(1) ENVIRONMENTAL RESTRICTIONS ON CERTAIN WOOD AND PEAT BURNING ITEMS.—No credit shall be allowed under subsection (a) for expenditures with respect to any item described in paragraph (5)(A)(xii) which are to be installed in any metropolitan or other area after the date on which—

"(A) the Administrator of the Environmental Protection Agency certifies to the Secretary that the emissions from such items would cause air quality in such area to be in violation of any Federal law, or

"(B) the Secretary of Agriculture certifies to the Secretary that additional consumption of wood in connection with such items would endanger forests in that area.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a principal residence by 2 or more individuals—

"(A) the amount of the credit allowable under subsection (a) by reason of energy conservation expenditures or by reason of renewable energy source expenditures (as the case may be) made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as one taxpayer whose taxable year is such calendar year; and

"(B) each of such individuals shall be allowed a credit under subsection (a) for the taxable year in which such calendar year ends (subject to the limitation of paragraph (5) of subsection (b)) in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

"(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

"(3) CONDOMINIUMS.—

"(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which he owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

"(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

"(e) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 1985.".

(b) CARRYOVER OF UNUSED CREDIT.—If the amount of the credit determined under this section for the taxable year exceeds the liability for the taxpayer for the tax under this chapter for the taxable year, the excess shall be carried over to each of the two taxable years succeeding that taxable year. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the two taxable years to which it may be carried, and then to the succeeding taxable year to the extent that it may not be added for a prior taxable year to which it might be carried.

(c) INSPECTION.—To the extent not presently authorized and utilized by any agency of the United States in the assessment and collection of income taxes, no procedure or practice which utilizes onsite inspection of the residence of an individual shall be employed to determine if that individual is entitled to a credit under section 44C of the Internal Revenue Code of 1954, as added by subsection (a), unless such procedure or practice provides that such inspection shall take place only with the written consent of such individual.

(d) TECHNICAL AND CLERICAL AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44B the following new item:
"Sec. 44C. Residential energy credit.".

(2) Subsection (c) of section 56 (defining regular tax deduction) is amended by striking out "credits allowable under—" and all that follows and inserting in lieu thereof "credits allowable under subpart A of part IV other than under sections 31, 39, 43, 44C, 44E, 44F, 44G, 44H, 44I, and 44J.".

(3) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by inserting after paragraph (20) the following new paragraph:

"(21) to the extent provided in section 44C(e), in the case of property with respect to which a credit has been allowed under section 44C;".

(4) Subsection (b) of section 6096 (relating to designation of income tax payment to Presidential Election Campaign Fund) is amended by striking out "and 44B" and inserting in lieu thereof "44B, and 44C".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after April 20, 1977.

H.R. 13635

By Mr. HOWARD:

—Page 42, beginning on line 3, strike out "That no funds" and all that follows through "dislocations" on line 6, and insert in lieu thereof the following:

That no more than 10 percent of the funds appropriated in this Act and to be used for payments under contracts shall be used for payments under contracts hereafter made for the purpose of relieving economic dislocations.

EXTENSIONS OF REMARKS

PLACING A COST ON THE USE OF THE SPECTRUM

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WAXMAN. Mr. Speaker, one of the most critical features of H.R. 13015 is the proposed spectrum use fee. After the bill was introduced, the staff developed a proposed fee schedule which attempted to quantify in some tangible measure the scarcity value of the spectrum. The results of the formula which was developed, however, also underscore the difficulty in translating this novel concept into an equitable schedule. This will be the subject of extensive debate in the Communications Subcommittee, and eventually by the full House. In order to better inform my colleagues of these issues, I am pleased to insert in the RECORD the memorandum prepared by the subcommittee staff on this proposal.

The memorandum follows:

BROADCAST LICENSE FEES

This memo reviews the spectrum management mechanism set forth in H.R. 13015, it discusses the meaning of "scarcity" and looks at indicators of scarcity in the various broadcast services. Finally it sets forth and discusses fee schedules for the four major broadcast services—AM radio, FM radio, VHF television, and UHF television.

SPECTRUM MANAGEMENT IN H.R. 13015

H.R. 13015 splits the spectrum management task for the civil (non-federal government) portion of the spectrum into two parts. Spectrum allocation is to be done by the National Telecommunications Agency (NTA) while licensing and associated frequency assignment tasks are to be done by the Communications Regulatory Commission (CRC). The CRC is also directed to set license fees in the various radio services taking into account the scarcity value of the license as well as the administrative costs of licensing. It is intended that the economic information developed by the CRC in setting license fees will be used by the NTA when reallocating spectrum. One important aspect of the allocation task is to see that spectrum resources are used efficiently. Careful measurement of scarcity and the economic assessment of the effects of scarcity should aid in the efficient allocation of the spectrum resource.

In addition to aiding the NTA in spectrum allocation the resource scarcity-based license fees system should also lead in improved efficiency in the use of the spectrum in any one service. The license fee will encourage spectrum conservation and the use of more efficient technologies.

SCARCITY VALUE

H.R. 13015 uses the phrase "scarcity value of the spectrum being assigned" to describe one element which should go into the calculation of the license fee. The scarcity

value or marginal value of a resource is the value of the last (or marginal or least scarce) unit of the resource. The concept of marginal or scarcity value is a common one—much discussed in economic texts—and does not need further explanation here. The language of H.R. 13015 permits the CRC to set license fees for all radio services taking into account the scarcity value of those licenses.

INDICATORS OF SCARCITY VALUE

Since there is no way today to assess directly the marginal value of units of the spectrum resource, indirect methods must be used to estimate this value. In a recent paper, Robert W. Crandall of the Brookings Institution estimated that in 1973 "television broadcasting earned a healthy 29 percent return on capital above and beyond the cost of attracting it."[1] (Crandall's calculation assumes an industry cost of capital of 25 percent.)

Following Crandall's method, we can calculate the approximate return on investment in various broadcasting services. All financial information is taken from two FCC documents, "TV Broadcast Financial Data—1976" dated August 29, 1977 and "AM and FM Broadcast Financial Data, 1976" dated December 12, 1977. These documents are referred to below as TV-Data and Radio-Data.

From TV-Data, Tables 2 and 13, and Radio-Data, Tables 3, 8, 13 and 14 we can derive the following table.

[All figures in millions]

Class of Broadcasters	Income Before Taxes	Tangible Property Less Depreciation
Network Owned and Operated VHF–TV	$159.0	$41.9
Other VHF–TV	730.7	642.7
UHF–TV	64.8	133.4
Network Owned and Operated AM Radio	15.3	8.8
Other AM or AM/FM Radio	147.2	540.7
Other FM Radio	21.2	113.0

Using Crandall's technique for estimating total capital,[2] we obtain the following table:

Class of broadcaster—Estmated industrywide 1976 pretax return on investment

[In percent]

Network owned and operated VHF–TV	304
Other VHF–TV	91
UHF–TV	39
Network owned and operated AM radio	139
Other AM and AM/FM radio	22
Other FM radio	15

Clearly, scarcity value is greatest in VHF television and the powerful major market AM stations. The pre-tax earnings in AM radio are quite low. And earnings in FM are so low that it's hard to understand how the industry survives.

Again, taking Crandall's assumption of a 25 percent cost of capital in broadcasting we can calculate the amount by which industry earnings exceed the cost of capital. The resulting figures bear out our common sense expectations. The economic signs of scarcity are most pronounced in VHF television and non-existent[3] in all classes of radio except for the major class of stations owned and operated by the networks.

Class of broadcaster—Total estimated industrywide 1976 return above 25 percent

[In millions]

Network owned and operated VHF–TV	$146.1
Other VHF–TV	530.2
UHF–TV	23.3
Network owned and operated radio	12.5
Other AM and AM/FM radio	------
Other FM radio	------

DISCUSSION FEE SCHEDULES

The staff has developed the following fee schedules for VHF television, UHF television, AM radio and FM radio. It should be recognized that these fee schedules are tentative. They were developed using only public information available in FCC reports or industry publications. Nevertheless, they do represent a first step towards refining a fee schedule. They may give results which do not fit the 1978 economy since they were developed using 1976 data, the most recent data available. Given the changes in the economy, the 1976 data probably lead to underestimation of the scarcity value. They may not treat some special markets correctly. But, on an industrywide basis, and for the vast majority of stations they should yield fees which would meet the standards in H.R. 13015.

VHF TELEVISION

Fee = $25.3 × (NHH/NSIG) − ($1.5 million + $1.33 × NHH) or zero, whichever is larger. NHH is the number of prime time households in the market and NSIG is the number of commercial VHF signals in the market plus one-half the number of commercial UHF signals in the market.

UHF TELEVISION

The UHF fee for a market is one-half the VHF fee for the same market minus 1.8 million dollars or zero, whichever is greater.

AM RADIO

The AM radio license fees developed here incorporate geographic measure of scarcity only indirectly since the more powerful classes of AM stations tend to be located in major markets. The AM fees set forth below are a function of the class of station.

AM fee schedule

Class stations	*Annual fee*
I–A	$40,800
I–B	10,700
II	10,700
II–Day	700
III–Full	350
III–Day	250
IV	211

FM RADIO

This formula is similar to that in AM since it too only uses the class of station in determining the fee.

Class station	*Annual fee*
A	$400
B or C	2,500

DISCUSSION OF THE FEE SCHEDULES

With the information publicly available today it is hard to calculate scarcity values perfectly in each market. Nevertheless, there is enough information available to do a good job. Public discussion, the upcoming hearings, and changes in FCC reporting standards should improve the calculation of the exact scarcity value of television licensees.

Using only well defined, publicly available information one can develop a formula which will reflect the scarcity value of a license. For the purpose of exposition we will use two well defined measures—the number of households in a market and the number of commercial television signals in a market.

The more stations in a market the less severe the scarcity. Thus a fee proportional to (1/NSIG), where NSIG is a measure of the number of signals in the market, would behave properly. It would get smaller as more and more stations become available in the market.

But, of course, market size should also be considered. As a market gets larger it has the capacity to support stations. So the original form should be changed perhaps by multiplying it by NHH, the number of households in a market, to yield a fee proportional to:

NHH/NSIG

Notice that this fee, however, takes on some value in every market even in the smallest markets. This does not seem quite right since there are fixed costs associated with being in business in any television market. The formula should be adjusted to take into account the fact that in smaller markets there really is no scarcity. Subtracting a constant term from the previous term allows for such small markets and yields the formula Fee = Maximum of (NHH/NSIG—Constant) or zero. Even this might be improved in many ways.

The formula given before for a VHF license fee incorporates these ideas and might be a good basis for future discussion. Recall it is: Fee = $25.3 × (NHH/NSIG) minus ($1.5 million + $1.33 × NHH) or zero—whichever is larger.

Look at what that formula implies. New York City has about 4.5 million households, 6 commercial VHF stations and 3 commercial UHF stations. The formula above would yield a scarcity value around $7.5 million for a New York City VHF station. (The 1978 TV Factbook states that New York has 4,525,000 Arbitron prime TV households.) But the VFH fee would be zero in a city with three commercial VHF stations and 185,000 or fewer television households.[4]

The table below shows this formula evaluated in one hundred of the largest television markets. These figures show the general form of scarcity value in television. The scarcity component of the UHF fee would be greater than zero in only four markets as shown below.

The AM fees would total approximately $5.4 million. Similarly the FM fees would total about $4.8 million. See the table below.

Aggregate fees by type of broadcaster

[In millions]

Type	*Industry total annual fees*
VHF–TV	$246.9
UHF–TV	9.8
AM-Radio	5.4
FM-Radio	4.8
Total	266.9

Another approach to setting license fees would be to look at units of the spectrum resource underlying the license, set a scarcity value on those units, and then transfer that scarcity value to the license fee. While such an approach is flawed as a method of economic analysis, nevertheless it is suggestive. The table below shows the relationship between the underlying units of the spectrum (Hertz) and the fees.

Service	*Band width Used (MHz)*	*Fee ($/Hz)*
AM Radio	1.07	5.05
VHF Television	84.00	2.94
FM Radio	20.00	.24
UHF Television*	330.00	.03
All Radio	21.07	.48
All Television	414.07	.62

*Channel 14–36. 38–69.

Notice the pattern of these ratios. The ratio is higher for the older services. It is highest in AM radio. It is roughly comparable in television and radio.●

[1] Robert W. Crandall, "Regulation of Television Broadcasting: How Costly Is the Public Interest?", Regulation, Jan./Feb. 1978, pp. 31–39.

[2] Total Capital = Tangible Capital + Other Capital and Other Capital is estimated to equal one-fifth Total Capital.

[3] This is not to say that these stations have no value but rather that the marginal value of the spectrum used in that service approaches zero.

[4] Clearly, this approach, although based upon industrywide figures on return on investment, is in no way equivalent to rate of return regulation.

NEXT TIME STAMP IT "YES"

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. DERWINSKI. Mr. Speaker, the Postal employees are now in the process of voting to ratify a contract that was negotiated by union leaders with the management of the Postal Service. It will be in everyone's interest and especially that of the Postal employees if they ratify the contract.

The Chicago Sun-Times hit the nail on the head with regard to this subject in a brief editorial appearing in the August 3 edition. The editorial follows:

NEXT TIME STAMP IT "YES"

It doesn't take an expert to know some things about group psychology. For example: Get 8,000 workers together. Stir in emotion. Ask if they want a contract that offers less money than they would like.

The group says "No!" What else?

That happened at the National Assn. of Letter Carriers' convention here Monday. The NALC president was booed. No surprise.

Such predictable responses aren't needed in the U.S. Postal Service contract fight. Needed is an OK to a fair raise—19.5 per cent over three years—by a key union to help restrain runaway inflation. All workers hurt by rising prices can hope thoughtful postal workers will say "yes" to that.●

PAYING FOR THE USE OF THE SPECTRUM

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

* Mr. WAXMAN. Mr. Speaker, Broadcasting magazine has carefully reported and analyzed a proposed fee schedule for the use of the spectrum by the Nation's television and radio licensees. In order to provide further background on this very controversial issue for my colleagues, I am pleased to insert these articles in the RECORD:

"BACK TO THE DRAWING BOARD" ON LICENSE FEES

Representative Lionel Van Deerlin (D-Calif.) last week disowned some of the numbers in the draft license fee schedule his House Communications Subcommittee staff had released only the week before (BROADCASTING, July 24). But he said the model formula would be left standing for discussion purposes.

The fee schedule, offered up two weeks ago as a way to implement the Communications Act rewrite's provision requiring broadcasters to pay annual fees for their occupancy of electromagnetic spectrum space, specified dollar amounts for every VHF and UHF station that would be affected by the proposal. But many broadcasters choked on the first entry, for New York, in which every VHF station in the market—whether network-owned or independent—would pay an annual fee of $7.7 million, and every UHF would pay $2 million.

With six VHF's and three UHF's in the market, the total fee for New York's TV stations would come to $52,695,626 under the staff's formula. According to BROADCASTING's calculations, that represents 82.4 percent of the combined pretax profits reported by those stations in 1976.

Of all the markets in the country, New York would have the biggest bite taken from its earnings by the proposed fee. But the figures in other markets are startling nonetheless. The fee would take 64 percent of the 1976 earnings of the TV stations in Washington. In Flint-Saginaw-Bay City, Mich., it would take 62.8 percent; in Providence, R.I., 55.8 percent; in Cleveland and Pittsburgh, 54.7 percent; in Albany-Schenectady, N.Y., 51.1 percent, and in Philadephia, 50.1 percent. The schedule of fees is eye-catching for its disparities, too; San Francisco would pay only 12.9 percent, by contrast, and Rochester, N.Y., only 1.5 percent.

HOW BIG THE TV BITE IN EACH MARKET

	1976 pretax profits	Fee	Percent of profits
1. New York	$63, 981, 000	$52, 695, 626	82. 4
3. Chicago	49, 770, 000	17, 141, 000	34. 4
4. Philadelphia	36, 962, 000	18, 522, 220	50. 1
2. Los Angeles	63, 489, 000	11, 953, 045	18. 8
9. Cleveland	21, 957, 000	12, 005, 335	54. 7
6. Boston	28, 134, 000	10, 424, 057	37. 1
8. Washington	14, 665, 000	9, 383, 325	64. 0
11. Pittsburgh	16, 801, 000	9, 196, 484	54. 7
7. Detroit	27, 755, 000	8, 505, 720	30. 6
10. Dallas-Fort Worth	27, 376, 000	6, 876, 666	25. 1
13. Minneapolis-St. Paul	14, 066, 000	5, 708, 280	40. 6
15. St. Louis	13, 664, 000	4, 833, 568	35. 4
20. Baltimore	14, 245, 000	4, 648, 684	32. 6
5. San Francisco-Oakland	34, 670, 000	4, 474, 714	12. 9
17. Tampa-St. Petersburg, Fla	13, 304, 000	4, 312, 466	32. 4
12. Houston-Galveston	28, 359, 000	4, 101, 390	14. 5
18. Seattle-Tacoma	17, 208, 000	4, 049, 940	23. 5
26. Kansas City, Mo	13, 159, 000	3, 356, 898	25. 5
34. Columbus, Ohio	9, 343, 000	3, 342, 080	35. 8
21. Milwaukee	8, 889, 000	3, 321, 506	37. 4
27. Cincinnati	9, 046, 000	3, 197, 636	35. 3
30. Providence, R.I.-New Bedford, Mass	15, 608, 000	3, 128, 980	55. 8
14. Miami	17, 999, 000	2, 996, 760	16. 6
35. Memphis	17, 502, 000	1, 445, 760	8. 3
16. Atlanta	19, 284, 000	2, 607, 920	13. 5
22. Hartford-New Haven, Conn	12, 130, 000	2, 485, 672	20. 5
28. Buffalo, N.Y	11, 318, 000	2, 472, 112	21. 8
19. Indianapolis-Bloomington	15, 940, 000	2, 378, 418	14. 9
31. Nashville	4, 450, 000	2, 153, 588	48. 4
23. Denver	18, 999, 000	2, 091, 900	11. 0
42. Albany-Schenectady-Troy, N.Y	13, 788, 900	1, 935, 620	51. 0
25. Portland, Oreg	10, 059, 000	1, 852, 140	18. 4
46. Dayton, Ohio	15, 417, 000	1, 852, 080	34. 2
50. Birmingham, Ala	18, 805, 000	1, 746, 600	19. 8
57. Toledo, Ohio	5, 034, 000	1, 729, 002	34. 4
44. Charleston-Huntington, W. Va	14, 282, 000	1, 701, 210	39. 7
52. Flint-Saginaw-Bay City, Mich	2, 584, 000	1, 623, 540	62. 8
38. New Orleans	6, 729, 000	1, 622, 718	24. 1
37. Oklahoma City-Enid	6, 238, 000	1, 615, 970	25. 9
24. Sacramento-Stockton, Calif	9, 903, 000	1, 494, 000	15. 1
33. Charlotte, N.C	5, 730, 000	1, 460, 894	25. 5
51. Syracuse-Elmira, N.Y	4, 445, 000	1, 275, 010	28. 7
53. Salt Lake City-Ogden, Provo	5, 470, 000	1, 253, 700	22. 9
41. Grand Rapids-Kalamazoo-Battle Creek, Mich	6, 590, 000	1, 233, 586	18. 7
39. Louisville, Ky	3, 635, 000	1, 162, 554	32. 0
64. Omaha	3, 912, 000	891, 430	22. 8
54. Greensboro-Winston Salem-High Point, N.C	4, 627, 000	784, 880	17. 0
70. Springfield-Decatur-Champaign, Ill	1, 157, 000	718, 720	22. 8
55. Little Rock, Ark	2, 941, 000	657, 020	22. 3
60. Knoxville, Tenn	3, 829, 000	656, 640	17. 1
51. Raleigh-Durham, N.C	4, 171, 000	621, 480	14. 9
40. Orlando-Daytona Beach, Fla	6, 348, 000	621, 480	7. 7
59. Shreveport, La.-Texarkana, Tex	2, 709, 000	486, 540	18. 0
47. San Antonio, Tex	7, 381, 000	437, 104	5. 9
56. Wichita-Hutchinson, Kans	3, 676, 000	422, 610	11. 5
62. Des Moines-Ames, Iowa	3, 758, 000	358, 680	9. 5
64. Jacksonville, Fla	5, 795, 000	269, 880	4. 7
50. Harrisburg-York-Lancaster-Lebanon, Pa	3, 402, 000	268, 730	7. 9
67. Green Bay, Wis	11, 658, 000	230, 820	13. 9
57. Tulsa, Okla	5, 085, 000	209, 510	4. 1
46. Norfolk-Portsmouth-Newport News-Hampton, Va	4, 792, 000	171, 668	3. 6
58. Richmond-Petersburg, Va	3, 421, 000	124, 270	3. 6
66. Rochester, N.Y	5, 594, 000	81, 650	1. 5

The fee would create a seemingly impossible situation for some independent VHF stations. In New York, where there are three such stations, the fee would charge them more than they earn, according to Leavitt Pope, president of WPIX(TV). Mr. Pope wrote last week that in their best year yet reported by the FCC, 1976, the three stations' earnings combined, $16.5 million, fell far short of their proposed license fee, $23.2 million.

Is that what Mr. Van Deerlin intended for the license fee? "Well, obviously not," the Communications Subcommittee chairman said last week. Charging a station more than it makes, or over 80% of income, as in the case of the combined stations in New York, "is hardly the American way," he said.

So "it's back to the drawing board," he said. He suggested that one way to clear up the problem would be "to have some kind of restrainer on it," a ceiling perhaps, beyond which fees could not rise even if the formula indicated they should. How that might be accomplished, he said, he has no idea.

One of Mr. Van Deerlin's reasons for ordering the drafting of a model fee schedule was to give flesh to a vague discussion that has given broadcasters the willies If they could see actual numbers, he reasoned, they would be persuaded of the reasonableness of the license fee concept. He didn't succeed.

One broadcaster's reaction last week was typical of many:

"Those guys have got to be out of their minds to release something like that," he said. Another called it "outrageous," and a third pronounced it "totally cockeyed."

Mr. Van Deerlin had backed away from the formula even before confronted with those reactions. But he defended it all the same as a good try. "We've never been off the drawing board," he said. "I never assumed that this is what was going to appear." He said he hopes other suggestions of a fee schedule will be submitted from outside the subcommittee in time for the hearings on broadcasting that are scheduled for the week of Sept. 11. And he indicated he is not in a hurry to put his staff back to work on it. "If people are just waiting to see the next one," he said, "maybe they're not going to be happy with it either."

Mr. Van Deerlin remained charitable toward his staff, which, he said did exactly as he had asked. It developed a formula to place a value on the use of the electromagnetic spectrum. The formula ([$25.30 times the number of households in a television market divided by the sum of VHF signals and half

the UHF signals] minus $1.5 million plus [$1.33 times households]) means nothing to the nonstatistician, but its design is to quantify the "scarcity value" of each portion of the spectrum occupied by television stations.

The subcommittee's staff engineer, Chuck Jackson, who developed the formula, explained last week how he derived it. He began with a study of broadcast earnings and determined that VHF has the highest return of investment in the business. Working with a formula that assumes that 25% return on investment is a reasonable reflection of the risk of doing business in broadcasting, he plotted broadcast earnings in 1976 that fell above that mark. The result:

Network owned and operated VHF's: $146.1 million.

Other VHF's: $530.2 million.

UHF's: $232 million.

Network owned and operated radio: 12.5 million.

Other AM and AM-FM radio: less than 25 percent.

Other FM less than 25 percent.

Those figures, although imprecise, identified the scarcity in economic terms.

Next he decided that in a formula to evaluate scarcity, two reliable measures would be the number of households in a market and the number of signals. The more households a station reaches the more valuable is its license, he said. It becomes less valuable with an increase in the number of competing signals. So Mr. Jackson divided the number of households by the number of signals (VHF plus one-half of UHF) to reach his scarcity measure. The number subtracted in the formula is designed to represent the fixed costs of doing business. Mr. Jackson said the dollar figures in the formula, $25.30 and $1.33, are mathematical coefficients that were worked in to achieve a result that approaches the distribution and levels of money in the table above. The resulting fee totals:

[In millions]

VHF	$246.9
UHF	9.8
AM	5.4
FM	4.8
VHF	246.9

(The radio figures are derived from a different formula from the TV's)

"It has the right kind of shape," Mr. Jackson said, but he acknowledged that if the formula results in a fee exceeding a station's earning, then it is too high.

He said in going back to the drawing board, next time he may try to take into account some added variables, but he indicated, however, that he does not think a formula should be adjusted to reflect differences in earnings between network-owned or affiliated stations and independents. A resource fee has to treat every commercial VHF station in the market the same, regardless of how successful they are. If income were considered, the fee would turn into a gross receipts tax, he said, "and that's just wrong."

THE PRICE TO PAY FOR H.R. 13015

Under a formula worked out by the staff of the House Communications Subcommittee, VHF television would yield more than 90% of the license fees broadcasters would pay under the Communications Act rewrite. The staff's computer break-out of fees that would apply in 100 of the largest TV markets shows VHF stations would pay $246.9 million collectively in fees for their occupancy of electromagnetic spectrum space. UHF would pay $9.8 million, AM radio $5.4 million and FM $4.8 million—adding up to $266.9 million.

A glance at the table of 100 sample markets worked out by the staff shows where the big money is intended to come from. A VHF station in New York would pay $7.7 million annually. In Philadelphia it would pay $5.3 million, in Chicago $4.1 million, in Cleveland $3.9 million and in Boston $3.5 million. Every VHF station in a market would pay the same fee, regardless of whether it is network-affiliated or independent.

UHF fees aren't comparable to those. A UHF in New York would pay $2.1 million. In Philadelphia the size of the UHF fee drops to $858,000. UHF's in Chicago and Cleveland would pay much smaller fees, and UHF's in all other markets would pay nothing at all.

The schedule for radio bears out rewrite co-sponsor Lionel Van Deerlin's (D-Calif.) claim that radio's contribution to the fee pool would be relatively small. The schedule prepared by the staff is broken down by classes of stations, ranging from the Class I clear channel stations which would pay the most to the low-powered class IV stations, which would pay the least. The schedule looks like this:

Class:	
I-A	$40,800
I-B	10,700
II	10,700
II (daytimer)	700
III	350
III (daytimer)	250
IV	211

Mr. FM, the low-powered Class A stations would pay $400; the higher-powered Class B and C stations would pay $2,500.

The proposed schedule is tentative—thrown out for discussion purposes, Mr. Van Deerlin says. He expects more proposals would be offered from outside sources before September, when the proposal will doubtless figure heavily in the broadcast portion of the rewrite hearing.

More funds would come from other users of the spectrum besides broadcasters, but the subcommittee chairman said last week that he expects most would come from broadcasting.

He underscored his previous statement that the size of the fees is not based on how much he wants to spend or on how much stations make. Rather it is based on a formula designed to estimate how much the spectrum space is worth.

That formula, worked out by the subcommittee's engineer, Chuck Jackson, places primary emphasis on a station's "scarcity" value. The more stations there are in a market, the less the scarcity—which leads to a few rather odd bulges in the fee schedule. While New York VHF stations, as common sense would indicate, would pay the highest fees in the land, those in Los Angeles, the nation's second broadcast market, barely make the top 10. A Los Angeles VHF would pay $1.7 million annually, and a UHF there would pay nothing. The reason is that Los Angeles has more stations—seven VHF's and five UHF's, compared to the six VHF's and the three UHF's in New York.

WHERE THEY CAME OUT ON FEES, AND HOW

These are the 100 markets in which television fees would be paid under the schedule released by the House Communications Subcommittee. Not all stations in these markets would pay fees; no TV stations in markets below these top 100 (computed on the basis of Arbitron rankings for prime-time households in 1976) would pay fees.

A VHF station's license fee reflects the numbers of households and signals in its markets—the two primary components in the TV fee formula, a mathematical construction that may be best understood by statisticians. The formula divides the number of households in a market by a factor reflecting the number of signals (NSIG, which equals the total number of VHF's plus half the number of UHF's), multiplies that by $25.3 and then subtracts another number that is designed to adjust for a station's fixed operating costs. The formula looks like this: Fee equals $25.3 times (households divided by NGIS) minus ($1.5 million plus $1.33 times households). For a UHF, the fee is one-half that of a VHF in that market, minus $1.8 million.

Following is the entire breakdown of VHF and UHF fees for the 100 TV markets. Broadcasting has added an ADI rank column reflecting the latest Arbitron Television market rankings. The subcommittee list is in order of total TV fees that would be paid in a given market; readers may determine those market totals by multiplying out and then adding together the VHF and UHF fees. An asterisk (*) in certain all-UHF markets indicates the VHF fee that would apply if such facilities were in those markets.

TOTAL TAB FOR TELEVISION

Present ADI rank and city	1976 prime time ADI households	VHF	UHF	NSIG factor	Per station VHF fee	Per station UHF fee
1. New York	4,525,000	6	3	7.5	$7,746,083	$2,073,042
3. Chicago	1,925,000	4	4	6.0	4,056,833	228,417
4. Philadelphia	1,588,000	3	3	4.5	5,316,049	858,024
2. Los Angeles	2,406,000	7	5	9.5	1,707,578	0
9. Cleveland	923,000	3	1	3.5	3,944,381	172,191
6. Boston	1,159,000	3	3	4.5	3,474,686	0
8. Washington	896,000	4	1	4.5	2,345,831	0
11. Pittsburgh	774,000	3	1	3.5	3,065,494	0
7. Detroit	1,109,000	4	3	5.5	2,126,430	0
10. Dallas-Fort Worth	750,000	4	1	4.5	1,719,167	0
13. Minneapolis-St. Paul	586,000	4	0	4.0	1,427,070	0
15. St. Louis	631,000	4	1	4.5	1,208,392	0
20. Baltimore	517,000	3	1	3.5	1,549,561	0
5. San Francisco-Oakland	1,022,000	4	5	6.5	1,118,678	0
17. Tampa-St. Petersburg, Fla	498,000	3	1	3.5	1,437,489	0
12. Houston-Galveston	574,000	3	2	4.0	1,367,130	0
18. Seattle-Tacoma	503,000	4	0	4.0	1,012,485	0
26. Kansas City, Mo	444,000	3	1	3.5	1,118,966	0
34. Columbus, Ohio	368,000	3	0	3.0	1,114,027	0
21. Milwaukee	442,000	3	1	3.5	1,107,169	0
27. Cincinnati	435,000	3	1	3.5	1,065,879	0
30. Providence, R.I.-New Bedford, Mass	358,000	3	0	3.0	1,042,993	0
14. Miami	603,000	4	2	5.0	749,190	0
35. Memphis	336,000	2	1	2.5	1,453,440	0
16. Atlanta	552,000	3	3	4.5	869,307	0
22. Hartford-New Haven, Conn	465,000	2	3	3.5	1,242,836	0
28. Buffalo, N.Y	394,000	3	1	3.5	824,037	0
19. Indianapolis-Bloomington	488,000	4	1	4.5	594,604	0
31. Nashville	376,000	3	1	3.5	717,863	0
23. Denver	405,000	4	0	4.0	522,975	0
42. Albany-Schenectady-Troy, N.Y	302,000	3	0	3.0	645,207	0
25. Portland, Oreg	393,000	4	0	4.0	463,035	0
46. Dayton, Ohio	276,000	2	1	2.5	926,040	0
50. Birmingham, Ala	270,000	2	1	2.5	873,300	0
57. Toledo, Ohio	269,000	2	1	2.5	864,510	0

TOTAL TAB FOR TELEVISION—Continued

Present ADI rank and city	1976 prime time ADI households	VHF	UHF	NSIG factor	Per station VHF fee	Per station UHF fee
44. Charleston-Huntington, W. Va	291,000	3	0	3.0	567,070	0
52. Flint-Saginaw-Bay City, Mich	263,000	2	1	2.5	811,770	0
38. New Orleans	346,000	3	1	3.5	540,906	0
37. Oklahoma City-Enid	287,000	3	0	3.0	538,657	0
24. Sacramento-Stockton, Calif	400,000	3	2	4.0	498,000	0
33. Charlotte, N.C	314,000	2	2	3.0	730,477	0
51. Syracuse-Elmira, N.Y	271,000	3	0	3.0	425,003	0
53. Salt Lake City	270,000	3	0	3.0	417,900	0
41. Grand Rapids-Kalamazoo-Battle Creek, Mich	298,000	2	2	3.0	616,793	0
39. Louisville, Ky	293,000	2	2	3.0	581,277	0
64. Omaha	253,000	3	0	3.0	297,143	0
54. Greensboro-Winston-Salem-High Point, N.C	248,000	3	0	3.0	261,627	0
70. Springfield-Decatur-Champaign, Ill	196,000	1	2	2.0	718,720	0
55. Little Rock, Ark	242,000	3	0	3.0	219,007	0
60. Knoxville, Tenn	208,000	2	1	2.5	328,320	0
51. Raleigh-Durham, N.C	206,000	2	1	2.5	310,740	0
40. Orlando-Daytona Beach, Fla	282,000	3	1	3.5	163,397	0
59. Shreveport, La.-Texarkana, Tex	234,000	3	0	3.0	162,180	0
47. San Antonio, Tex	279,000	3	1	3.5	145,701	0
56. Wichita-Hutchinson, Kans	231,000	3	0	3.0	140,870	0
62. Des Moines-Ames, Iowa	228,000	3	0	3.0	119,560	0
64. Jacksonville, Fla	186,000	2	1	2.5	134,940	0
50. Harrisburg-York-Lancaster-Lebanon, Pa	249,000	1	4	3.0	268,730	0
67. Green Bay, Wis	222,000	3	0	3.0	76,940	0
57. Tulsa, Okla	221,000	3	0	3.0	69,837	0
46. Norfolk-Portsmouth-Newport News-Hampton, Va	264,000	3	1	3.5	57,223	0
58. Richmond-Petersburg, Va	217,000	3	0	3.0	41,423	0
66. Rochester, N.Y	215,000	3	0	3.0	27,217	0
79. Albuquerque, N. Mex	167,000	3	1	3.5	0	0
107. Augusta, Ga	104,000	2	1	2.5	0	0
98. Austin, Tex	105,000	1	2	2.0	0	0
99. Baton Rouge	136,000	2	1	2.5	0	0
73. Cedar Rapids-Waterloo, Iowa	186,000	3	0	3.0	0	0
82. Chattanooga, Tenn	165,000	3	0	3.0	0	0
97. Columbia, S.C	110,000	1	2	2.0	0	0
69. Davenport, Iowa-Rock Island-Moline, Ill	192,000	3	0	3.0	0	0
102. El Paso	80,000	6	0	6.0	0	0
91. Evansville, Ind	131,000	1	2	2.0	0	0
89. Fort Wayne, Ind	141,000	0	4	2.0	* 96,120	0
70. Fresno-Hanford-Tulare, Calif	158,000	0	5	2.5	0	0
87. Greenville-New Bern-Washington, N.C	124,000	3	0	3.0	0	0
37. Greenville-Spartanburg, S.C.-Asheville, N.C	296,000	3	2	4.0	0	0
— Honolulu	0	4	0	4.0	0	0
81. Jackson, Miss	131,000	2	1	2.5	0	0
75. Johnstown-Altoona, Pa	176,000	2	2	3.0	0	0
136. Las Vegas-Henderson	76,000	4	0	4.0	0	0
88. Lexington, Ky	123,000	0	3	1.5	411,010	0
85. Lincoln-Hastings-Kearney, Neb	125,000	4	0	4.0	0	0
130. Lubbock, Tex	87,000	2	1	2.5	0	0
105. Madison, Wis	124,000	1	2	2.0	0	0
63. Mobile, Ala.-Pensacola, Fla	203,000	3	0	3.0	0	0
77. Paducah, Ky.-Cape Girardeau, Mo.-Harrisburg, Ill	189,000	3	0	3.0	0	0
90. Peoria, Ill	139,000	0	3	1.5	659,597	0
34. Phoenix-Mesa	310,000	4	1	4.5	0	0
74. Portland-Poland Spring, Maine	174,000	3	0	3.0	0	0
68. Roanoke-Lynchburg, Va	186,000	3	0	3.0	0	0
104. Rockford-Freeport, Ill	115,000	1	2	2.0	0	0
106. Salinas-Monterey-San Jose, Calif	132,000	2	2	3.0	0	0
30. San Diego	287,000	4	1	4.5	0	0
76. South Bend-Elkhart, Ind	166,000	0	4	2.0	* 379,12	0
72. Spokane, Wash	162,000	3	0	3.0	0	0
86. Springfield, Mass	131,000	0	2	1.0	* 1,640,070	0
93. Tucson, Ariz	117,000	4	0	4.0	(	0
42. Wilkes Barre-Scranton, Pa	290,000	0	3	1.5	* 3,005,633	0
78. Youngstown, Ohio	160,000	0	3	1.5	* 985,867	0
Totals	[1] 246,834,280		[2] 9,879,056		[3] 256,713,334	

[1] VHF. [2] UHF. [3] All TV.

JUDGE MARSHALL S. HALL

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. EDWARDS of California. Mr. Speaker, at this time, my colleague NORMAN MINETA, and I would like to take the opportunity to laud and bring attention to the achievements of Superior Court Judge Marshall S. Hall. Judge Hall has contributed 45 years of professional and public service to the citizens of Santa Clara Valley, Calif.

A graduate of Stanford University's Class of 1933 with a bachelor of laws degree, he joined the law firm of Louis Oneal, where he practiced law for 25 years.

In 1957, Gov. Goodwin Knight appointed Judge Hall to the Superior Court of Santa Clara County, a position to which he was elected a year later and subsequently reelected for 6-year terms in 1964, 1970, and 1976. He was presiding judge of the superior court in 1958, 1964, and 1972.

Judge Hall introduced the settlement conference concept for the civil and personal injury cases in local courts as a means of expediting judicial services. This legal procedure is now utilized throughout the State of California.

Professionally, Judge Hall is a past president of the Santa Clara County Bar Association and served on the executive board of the Conference of California Judges for 3 years. He was a member of the Santa Clara County Juvenile Probation Commission for 5 years and a U.S. Commissioner for the Northern District of California for 14 years.

Judge Hall has devoted more than half a century of service to the area's Boy Scouts of America program. In addition to his local participation in Boy Scout activities since 1920, he has served on the organization's regional executive committee and the Boy Scout National Council. Still active in scouting, he is a recipient of its highest local and regional honors, the Silver Beaver and the Silver Antelope awards.

Throughout the years, Judge Hall has participated in numerous civic programs such as civil defense, the Community Chest, the American Red Cross, and the Community Welfare Council. He is a member of the California Pioneers Society of Santa Clara County, the California Historical Society, and he is a trustee of Lincoln University, a local night law school.

A former lieutenant commander in the U.S. Coast Guard's temporary reserve, he organized the local USCG flotilla auxiliary, and was the first president of the local chapter of the Navy League of the United States. He is the former director of the San Jose Chamber of Commerce and was chairman of its port and air pollution committee. He is an honorary member of the San Jose Fire Department, and is a charter member of the Fire Associates of the Santa Clara Valley.

This outstanding member of the community will be honored on October 4 at an appreciation dinner, and it is fitting to note that the proceeds will be used to supply much-needed medical equipment for the San Jose Hospital. We wish Judge Hall the best of luck in all his future endeavors, and fervently hope that he will continue in his role as an inspiring and outstanding community leader.●

IS YOUNG HIS MASTER'S VOICE?

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. McDONALD. Mr. Speaker, the outrage over Andrew Young's remarks

about political prisoners in the United States was not confined to the United States. An editorial voice was being raised in the United Kingdom over his continued retention by President Carter. I commend the following editorial from the Daily Telegraph of London for July 14, 1978, to the attention of my colleagues:

IS YOUNG HIS MASTER'S VOICE?

It is no longer possible to dismiss the outrageous statements by Mr. Young as immature gaffes, the price that has to be paid for his electoral usefulness to Mr. Carter and his supposed appeal to the Third World. The more his behavior is tolerated without the disciplinary action that would promptly follow for anyone else in such a senior post, the more does he exploit his increasingly privileged position to project his "anti-colonialist" prejudices and racial grievances. His latest allegation that there are thousands of "political prisoners" in America makes a monkey out of Mr. Carter at the height of his "human rights" dispute with Russia. It was, of course, a godsend to the Soviet propaganda machine, and will do great harm. Given the political as well as the moral importance of the human rights issue, it is a kind of sabotage and subversion.

Why is he allowed to get away with it? Partly because Mr. Carter considers he still needs him for the reasons stated above, and partly because, having picked him, got saddled with him, and built him up, he is apprehensive of the consequences among the American Negro population and in the Third World of removing him. Andrew Young also has solid support from the liberal Carter "establishment." In addition to all this, Young owes his charmed life largely to the deep affinity between him and that part of Mr. Carter's complex personality that sees the outside world as the counterpart of the "deep south" of a few decades ago. It was, of course, an error of judgment to appoint an unbalanced man like Young to the post of Ambassador to the United Nations. America's dealings with the real world and her leadership of a democratic alliance under dire threat from Soviet imperialism afford no scope for Young's self-indulgent exhibitionism.●

ELECTRONIC SURVEILLANCE OF FOREIGN EMBASSIES

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. MAZZOLI. Mr. Speaker, H.R. 7308, the Foreign Intelligence Surveillance Act of 1978, will reach the floor soon.

Passage of this important legislation is supported by the intelligence community as well as civil liberty groups. Yet, some of the bill's opponents allege that the provision of H.R. 7308 requiring that a judicial warrant be issued before a foreign intelligence electronic surveillance can take place is a threat to national security because:

First. It would increase the possibility of leaks of sensitive intelligence sources and methods;

Second. It would impede and complicate intelligence collection activities; and

Third. It would involve the judicial branch of government for the first time, in the making of foreign policy and national intelligence policy.

These critics are especially concerned in connection with these risks, about warrants allowing electronic surveillance of a foreign embassy located in the United States.

Furthermore, beyond the risks the opponents see in a warrant procedure, opponents question the need and purpose of such a procedure.

The purpose of the proposed warrant procedure in H.R. 7308 is not to complicate or impede the surveillance of foreign diplomats or intelligence agents.

The purpose is, rather, to protect Americans who communicate with embassies—or who are mentioned in embassy communications.

In the past, embassy surveillances have been used as a pretext to observe American citizens to acquire political or personal information about them for purposes extraneous to the gathering of foreign intelligence information.

The judicial warrant procedure established under H.R. 7308 would prevent the recurrence of such abuses by requiring a high-ranking Government official to certify in writing to the judge that the purpose of the proposed surveillance is to obtain foreign intelligence information.

H.R. 7308 further requires the judge to approve, and later review, procedures designed to minimize the acquisition, retention and dissemination of information about U.S. citizens and permanent resident aliens obtained from surveillance of a foreign embassy.

In answer to the argument that the bill unwisely involves the judicial branch of Government in the making of foreign and intelligence policy, H.R. 7308 restricts the information required to be provided to the judge to that information necessary to enable the judge to evaluate a given set of facts against a statutory framework and render a decision.

Thus, when the surveillance target is a foreign embassy, much less information needs to be provided to the judge than when the target is an individual person or foreign corporation operating in the United States.

The judge's finding under H.R. 7308, is limited to a determination that the target is, in fact, a foreign embassy and that the proposed minimization procedures meet the statutory standards. The judge has no authority whatsoever to decide the wisdom of a particular embassy surveillance or to otherwise involve himself in day-to-day intelligence activities.

In answer to the charge that H.R. 7308 would jeopardize the Nation's intelligence community and that it would impede necessary intelligence activities, the gentleman from Illinois, Mr. MORGAN MURPHY, inserted in the RECORD of July 20, copies of letters of support for H.R. 7308 written by Adm. Bobby Inman, the Director of the National Security Agency and Judge William Webster, the Director of the Federal Bureau of Investigation.

At this time, I wish to insert in the RECORD another letter of support for H.R. 7308. This is from Adm. Stansfield Turner, Director of Central Intelligence and head of the Central Intelligence Agency.

The letter follows:

CENTRAL INTELLIGENCE AGENCY,
Washington, D.C., June 22, 1978.

HON. ROBERT W. KASTENMEIER,
Subcommittee on Courts, Civil Liberties, and the Administration of Justice, Committee on the Judiciary, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that your Subcommittee will be holding a hearing on 22 June on H.R. 7308, the "Foreign Intelligence Surveillance Act of 1978," as amended by the Permanent Select Committee on Intelligence. The purpose of this letter is to advise you that this legislation has my full support.

I support the bill because I believe it strikes a fair balance between intelligence needs and privacy interests, both of which are vitally important. In my view the legislation will place the activities with which it deals on a solid and reliable legal footing and help to rebuild public confidence in the national intelligence collection effort and in the agencies of government principally engaged in that effort.

The procedures envisaged by H.R. 7308 will unquestionably involve some risks that sensitive intelligence information may be disclosed. But on balance, these risks are acceptable, and while compliance may involve some burdens, I cannot say that any proper or necessary governmental purposes will be frustrated by the bill or that vital intelligence information, having such value as to justify electronic surveillance as a method of collection, will be lost. For these reasons I strongly urge that this legislation be enacted as soon as possible.

Yours sincerely,

STANSFIELD TURNER.●

THE CASE FOR TARGETED PROCUREMENT

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. HOWARD. Mr. Speaker, targeting Federal procurement funds to areas of economic need is not a new concept. In the summer of 1951, the Federal Government embarked upon a policy to encourage total commitment to defense production, in support of the U.S. engagement in Korea. Numerous firms, however, contacted the Office of Labor in the National Production Authority, wanting to know why they were not being awarded defense contracts while they had unused facilities and idle manpower.

After a meeting on unemployment with congressional leaders in September of 1951, President Truman directed the Office of Defense Mobilization (ODM) to undertake a review. The ODM review determined that one of the solutions to the unemployment problem was the placement of Government contracts in the area.

As a result of the study, the Office of Defense Mobilization, on February 7, 1952, issued Defense Manpower Policy No. Four (DMP–4). The purpose of DMP–4 was "to provide for procurements by negotiated contracts and pur-

chases with responsible concerns which are in an area of current or imminent labor surplus * * * "

To accomplish the objectives of DMP–4, regulations provided that preference in certain Federal contracts be given to employers who would perform substantial portions of awarded contracts in areas which the Department of Labor classified as "persistent" or "substantial" unemployment areas.

DMP–4 was designed for contracts to be negotiated by the Government, at reasonable prices, in such areas although lower prices might otherwise be obtained elsewhere, in order to achieve the purposes of this policy. There are a sufficient number of labor surplus areas to insure that competitive bids will be submitted. In addition, the Defense Department is under no obligation to pay an unreasonable price for goods and services.

The current interpretation of this phrase is that reasonable prices will be obtained if a sufficient number of eligible concerns have placed bids. The General Accounting Office considers two or more sources in active competition to constitute a significant number of eligible concerns. "Reasonable prices," is also the phrase used in the revised Small Business Act (Public Law 95–89).

Recent Government research, simulating the cost of implementing DMP–4, found that less than 1 percent of a price differential would result if contracts were awarded to the lowest of two or more bidders from labor surplus areas.

As a result of current executive interest and legislative concern with procurement policies, a revised DMP–4 was issued to bring this policy into conformance with the Small Business Act amendments. This revision clarifies the precedence of small business firms, whether located in labor surplus areas or not. over other firms in such areas.

The complementarity of the Small Business program and the Labor Surplus Area program is further supported by the fact that in fiscal year 1975, small businesses received approximately 77 percent of the DOD labor surplus preference awards. In the preceding year the figure was 76 percent.

Unfortunately DMP4 has never been effectively implemented by DOD, which spends unfortunately 73 percent of the Federal procurement budget. In fact, for the period of 1972 to 1975, DOD contract awards to LSA areas dropped from the previous low level of .6 percent to less than one-fifth of 1 percent.

There are basically three reasons for this failure: First, a lack of aggressive leadership and commitment by the Presidents of past administrations; second, an out-dated definition of labor surplus areas, and most importantly; third, a restriction placed on DOD appropriations bill for the last 25 years, prohibiting the payment of any price differential to LSA firms.

Against a backdrop of pockets of unemployment across this Nation, President Carter has stated his commitment to the relief of high and, at times, chronic unempolyment. The central theme of his proposals in the urban policy statement issued in March of this year is the use of Federal funds to induce private sector investment in our distressed areas, the so-called leveraging concept. The President has stated his commitment to "target" Federal procurement contracts and Federal facilities to areas of high unemployment.

The traditional criterion for designation of a labor surplus area was a 6 percent unemployment rate. Given today's high rate of unemployment, the designation of a labor surplus area was so broad that precise targeting was virtually impossible. Asked to design new criteria to make targeting more responsive to current high unemployment areas, the Department of Labor has redefined labor surplus areas to include only areas which have an unemployment rate at least 1.20 times the national average. Currently this means areas with 8.0 percent unemployment or higher. A labor market area can also be classified as eligible for targeting if it includes a smaller area of concentrated high unemployment, for example, those including urban areas. These revised procedures for determining eligible labor surplus areas also permits the Department of Labor, to designate areas where a sudden and precipitous rise in unemployment has occurred, because of natural disasters, plant closings, contract cancellations, and so forth, that have a substantial impact and are not the result of temporary or seasonal factors. These LSA areas are updated every 3 months for accuracy. For the period ending September 30, 675 labor surplus areas have been designated across the Nation.

The most significant barrier by far to the implementation of DMP–4 is the proviso prohibiting payment of any price differential to LSA firms. The Comptroller General ruled in 1961 that in order to comply with this proviso, referred to as the Maybank amendment, contracts must be split in half, with one-half going out for nationwide competition to determine the base price. The base price is then applied to the reserved half of the contract as the price the Government would pay. This process is too cumbersome to be effective and limits DMP–4 policy to goods that can be split into two production runs—a fraction of DOD procurements. As a consequence few procurement dollars ever get awarded LSA firms.

An administrative decision by the Office of Emergency Preparedness, the predecessor to the Federal Preparedness Agency—applied the same restriction to Federal civilian agency procurements to insure Government uniformity. On November 3, 1977, and revised DMP–4 removed the provisions of the Maybank amendment from purchases made by our civilian agencies, in order to bring procurement policy in line with executive and legislative intent. The proviso remains on Defense appropriations bills.

Granting procurement contracts to responsible, competitive firms in these LSA areas is a way to create real jobs in the private sector, with little or no additional cost to the Government. The impact of additional Defense procurement dollars on firms is illustrated by a recent study done in Massachusetts. The Massachusetts Economic Policy Model Study found that even a 10-percent increase ($145 million in this case) in the dollar amount of DOD contracts obtained by the four major defense facilities already existing in Massachusetts: Aircraft, missiles, ships, and electronics, 10,902 jobs would be created within 2 years and $28.7 million in State revenues would be generated. Personal income in those same 2 years would rise by $171 million.

DMP–4 represents a policy that was designed to target procurement dollars to areas of high unemployment. It was designed specifically to apply to the Department of Defense, in recognition of the strategic importance of promoting the full utilization of this country's manpower potential and in recognition that this agency has the largest percentage of procurement budget, currently nearly three-fourths. We now have the executive commitment and the revised procedures necessary for implementation of this crucial policy in civilian agencies. Unfortunately, the agency for which this policy was designed and the agency with the largest procurement budget has yet to effectively implement DMP–4.●

FROM BASEMENT TO ATTIC

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WAXMAN. Mr. Speaker, in its June 12 issue, Broadcasting magazine provided comprehensive coverage of the introduction of H.R. 13015, the Communications Act of 1978. I am pleased to insert in the RECORD, for the benefit of my colleagues, its excellent articles on the scope and meaning of this bill:

AND IT IS FROM THE BASEMENT TO THE ATTIC

Van Deerlin's rewrite legislation is introduced; it calls for almost total deregulation of radio, gives cable regulation over to states, lifts some restrictions on TV; but there are those 'trade-offs,' including spectrum license fees.

The tightly sealed lid is off H.R. 13015—the Communications Act of 1978—and Lionel Van Deerlin has made good on his promise to make this draft rewrite of basic communications law a deregulator's dream.

The bill was unveiled last Wednesday in the House's Rayburn office bulding at a full-blown press conference by Mr. Van Deerlin (D-Calif.), chairman of the House Communications Subcommittee, and the unit's ranking Republican, Lou Frey of Florida.

The finished product—20 months in the making and 217 pages long—showed there was no dissuading the subcommittee chairman and his staff from dropping into the bill their controversial "trade-offs" for reduced regulation of broadcasting. The license fee—formerly known as the spectrum use fee—for all users of the spectrum is a cornerstone.

Money derived from the fee collection would be divided four ways: It would pay all the bills of the Communications Regulatory Commission, the new name for an FCC with duties and budget cut back by as much as 25%. It would replace congressional appropriations and become the sole source of government support for a new public

broadcasting programing entity, the Public Telecommunications Programing Endowment. And it would go into proposed new funds for the encouragement of minority ownership in broadcasting and for expanded telecommunications services to rural areas. The total price tag can only be guessed at this point, but one estimate placed it at from $350 million to $400 million.

There is another broadcasting trade-off: a reduction in the total number of stations a single entity can own from the present 21 (seven TV's, seven AM's and seven FM's) to 10 (five TV's, no more than three of them in the top-50 markets, and a total of five radio stations). Ownership would also be restricted to one station (of any kind) per market. Present owners would be grandfathered under the present limits, but their holdings would dwindle if they lost or traded off any of their stations.

The bill provides that new station licenses, and existing ones that become available, would be allocated under a system of random selection among qualified applicants. There would be no more comparative hearings.

The good news for broadcasting is the bill's virtual deregulation of radio, and significant, but lesser, reduction of restrictions on TV. Radio would be given licenses for indefinite terms, subject to revocation only for technical violations. And it would be released from ascertainment, equal time and fairness doctrine requirements.

Mr. Van Deerlin said at the press conference that deregulation of radio is justified "on the well established ground that the number of radio stations in the United States is now equal to the number of weekly newspapers and that the scarcity element that existed at the time the 1934 act was written no longer applies."

Television, however, presented a different picture to him. "For television," he said, "we recognize that a scarcity factor does still exist."

For that reason, the bill retains a limit on the length of TV licenses, but extends it from the present three years to five. After 10 years, however, the bill provides that TV licenses would also shift to indefinite terms.

Television would also be released from ascertainment, but unlike radio, would be required to carry news, public affairs and locally produced programing throughout the broadcast day. TV would also be subject to something called an "equity principle"—a fairness doctrine without the required affirmative effort to cover controversial issues of public importance. But when it did cover controversial topics, a TV station would have to do so in an "equitable manner."

TV would also have to continue adherence to the equal time law, with exemptions however, for candidates for President, Vice President, governor, U.S. senator or any other office requiring statewide ballot.

Overseeing this new regulatory framework would be the new Communications Regulatory Commission (CRC) with only five presidentially appointed commissioners, in contrast to the current FCC's seven. With the proposed changes in broadcasting and other communications areas, "there will be less for the commission to do." Mr. Van Deerlin said, "and this may justify the reduction in numbers."

Besides reducing the present FCC by two commissioners, the bill presumably would also reduce it by one bureau—the Cable Bureau. The proposed legislation contemplates doing away entirely with federal regulation of cable television.

Under Title I of the bill's eight titles, the CRC would specifically be prohibited from regulating "any intrastate telecommunications facility" that does not use spectrum in the direct distribution of its service to consumers.

"We think that cable has demonstrated the case for deregulation," Mr. Van Deerlin said at the press conference, "through the virtual bondage in which it was held for years by rulemaking, which the courts have since found was arbitrary and capricious."

Among the other major provisions is the creation of new National Telecommunications Agency, with principal responsibility over spectrum allocation, development of national telecommunications policy and representation of the United States in international telecommunications forums. Designed as an independent policy-making arm of the executive branch, it would replace the National Telecommunications and Information Administration now in the Commerce Department.

The bill would also abolish the Corporation for Public Broadcasting and establish in its place a private nonprofit corporation to be called the Public Telecommunications Programing Endowment, whose single purpose would be to provide grants for public broadcasting program production and acquisition.

The new legislation was hailed by its two sponsors as a major blow for progress in communications. Its thrust, Mr. Van Deerlin said, "is to put the burden on established technologies to show not that their interests will be damaged by the introduction of new technologies, but that the public interest will somehow be impaired."

"This act doesn't look backward," added Mr. Frey, "It looks forward. It has the flexibility we need to go into the 21st century".

They said it is also a stab at reducing bureaucratic red tape. The proposed legislative deletion of ascertainment requirements for broadcasters is a case in point, Mr. Frey said. "Look, if a station is good, it's going to do ascertainment [any way]. If a station is going to . . . know the community it's in, it's going to have to know its problems. It's going to have to know the people.

"And that's the bottom line of what we're doing. The good stations are going to make it. . . . We're just making it easier on them. And we're taking away the government regulations that in so many cases hold them back."

Mr. Van Deerlin spoke in a similar vein:

"I recognize," he said, "that a great deal of the present cost of regulation to licensees is the cost of maintaining attorneys. Maybe this will be appealing to licensees who will have a more fruitful expenditure of their money than just spending it on lawyers."

Some in Mr. Van Deerlin's standing-room-only audience Wednesday, which included the executive commmittee of and new board members of the National Association of Broadcasters, presumably would not agree with his hopeful assessment. NAB has fought tooth and nail all suggestions of a license fee such as the one that emerged.

Details of the fee would be left to the commission, but Mr. Van Deerlin plans to offer a model schedule for broadcasting within the next few weeks. Under the bill it would, in reality, be four schedules—one each for VHF, UHF, AM and FM—based on the cost of processing the license and the scarcity value of the spectrum. In television, the fees would vary according to the number of frequencies in the market, the number of prime-time television households, and technical disparities between VHF and UHF.

For radio, they would vary according to the power of the station and hours of operation, market size, number of frequencies in the market and co-channel separation, where applicable. The fees for both radio and TV would be phased in by 10% a year over a 10-year period.

What that all means in simpler terms, Mr. Van Deerlin said, is that "quite clearly a VHF station in a major market has a greater value than a UHF station or even a VHF in a different kind of market." And TV, it seems would bear the lion's share of the costs. "It would be my expectation," Mr. Van Deerlin added, "that almost all radio stations would have hardly any scarcity value in most markets today, and that values of licenses assessed against them should probably be no more than to cover the costs of regulation."

In a later conversation, Mr. Van Deerlin agreed that $350–$400 million is about what would be needed to support the commission and other recipients of the fee, but said he did not find the figure excessive. "They're dealing in a lot of money [in broadcasting]," he said. "What is that, 4% of their revenues?"

While substituting the random selection process for the current comparative hearing process that contestants for a station license go through, the Van Deerlin-Frey measure would retain the petition to deny process for those with complaints against television stations. The bill authorizes the commission to determine who has the burden of proof in the proceeding and to grant the right of discovery to the petitioner, and mandates that the commission rule on the petition within 90 days of the last pleading filed.

In other provisions for broadcasting, the bill:

Prohibits the commission from censoring or in any way regulating programing content. For radio, this means the commission cannot involve itself in proposed format changes.

Orders the commission to assign spectrum "so as to ensure that each community in the United States, regardless of size, is provided with maximum fulltime local television and radio broadcasting services . . ." According to subcommittee chief counsel Harry M. (Chip) Shooshan, there is implicit in this provision a direction that the commission reconsider its clear channel radio rule "to expand opportunities for daytime broadcasters."

Allows the commission to consider parties other than the proposed buyer in a station transfer.

Restricts the commission's EEO enforcement authority to acting on the findings of other agencies with equal employment opportunity enforcement authority. If a station owner or applicant is found in violation of civil rights or EEO laws, it must notify the CRC, which then must act to grant, deny or revoke a license. The commission is not authorized to promulgate EEO enforcement rules of its own.

In the same section of the bill, Title IV, procedures are laid out for the licensing and regulation of nonbroadcast radio services, which are provided 10 year licenses.

Under Title II, the bill lays out the design of the CRC with five commissioners serving single 10-year terms, picked on the basis of their education, experience or training and "in a manner which assures that the composition of the commission reflects a balance among professional backgrounds which are pertinent to the field of telecommunications."

The commisson chairman would be designated by the President with either house of Congress able to disapprove the choice within 60 days of the submission of the nomination.

A special Office of Consumer Assistance would be established by the bill to promote the consumer interest in all commission proceedings.

Title II also establishes conflict-of-interest rules restraining commissioners and high-level employes from owning interests in regulated communications companies. It also prohibits commisisoners and top employes from representing interests before the commission for one year after leaving the commission, if they depart before completing 10 years of service.

It also establishes procedures whereby commissioners and supervisory staffers must

publicly disclose any ex parte contacts made during adjudicatory and rulemaking proceedings.

The public broadcasting section of the bill, Title VI, attempts to resolve the long running dispute between the existing CPB and Public Broadcasting Service by making it clear exactly who will be in charge of developing programing for public broadcasting. The proposed replacement for CPB, the Public Telecommunications Programing Endowment, with a nine-member presidentially appointed board of directors, would make grants to public telecommunications entities, program producers and educational institutions for production and acquisition of programing, but would not be permitted to operate any telecommunications facility or network or to actually produce or distribute programs.

Any organization operating an interconnection system, as PBS does now, would also be prohibited from producing or acquiring programs or scheduling programs for distribution to public broadcasting stations.

The bill provides that half the endowment's available funds would be passed directly to public broadcasting stations as unrestricted grants for programing. The endowment is not permitted to accept gifts for the support of particular programs. "We would hope through this means eventually to reduce what bothers all of us in the gradual intrusion of commercial advertising interests on the channels which were intended to be noncommercial broadcasting," Mr. Van Deerlin commented.

Under the bill, the new National Telecommunications Agency would be responsible for distributing funds for the construction and improvement of public broadcasting facilities. Radio is guaranteed 25% of those funds. That agency would also fund public broadcasting interconnection facilities.

The bill provides future funding for the public broadcasting activities: $200 million authorizations for 1980 through 1983 for the endowment; and authorizations of $75 million for facilities and $25 million for interconnection facilities for 1980 through 1983. All would be under a two-year advance funding scheme.

The other provisions of the public broadcasting section parallel those of the public broadcasting authorization bill already passed this year by the House Commerce Committee, including: enforcement of equal employment opportunity in public broadcasting, limitation on the salaries of officers and employes of the endowment, mandatory open meetings and the establishment of community advisory boards at stations that receive federal funds.

The NTA, laid out in Title VII of the bill, has among its responsibilities the administration of the funds in the minority ownership and rural telecommunications programs. Both programs are set up to provide loans for up to 30 years (limited to 50% of the cost of purchase or construction of a broadcast station, in the case of the minority ownership fund) and both are authorized to receive appropriations from Congress in 1980: $10 million for the rural telecommunications program and $2 million for the minority broadcasting program.

NTA is authorized $17.5 million annually from 1980 through 1983, with an additional $2.5 million each of those years for studies on spectrum allocation.

Mr. Van Deerlin characterized the common carrier section of the bill, Title III, as establishing another "forward thrust" for competition. The section calls for a maximum feasible reliance on marketplace forces in telephone service and establishes a Universal Service Compensation Fund, money from which is to be used to maintain telephone rates at affordable levels for consumers. The money would come from access charges levied on any entity that operates an intercity telecommunications service or a facility that is connected with local exchange switching facilities.

The common carrier section also would lift a ban on AT&T being involved in other nonregulated telecommunications services, which presumably include broadband video services now carried by cable television. But it would force AT&T to divest itself of its equipment manufacturing subsidiary, Western Electric, within three years, if the company is still involved in monopoly services.

Among the bill's other common carrier provisions:

Descriptions of the commission's and the Communications Satellite Corp.'s role in international common carrier field.

The establishment of fines of up to $10,000 for violations of the act.

A direction that trials for offenses under the act shall take place in the district in which they are committed.

In his remarks at the press conference, Mr. Van Deerlin made clear that he doesn't expect the bill to sail through Congress without amendments. It "is only a starting point," he said. "There'll be long hearings and there'll be full opportunity for expression of all viewpoints before anything becomes law."

Under the timeable he laid out, the subcommittee will try to complete six weeks of hearings before the adjournament of Congress this year, four weeks, if all goes well, before the August recess. Then the stage will be set for subcommittee mark-up early in the next Congress, and perhaps clearance by the full House "before the heat of summer," he said.

THE WHY AND WHEREFORES OF H.R. 13015

Some may call it madness, but there was method behind the Communications Act of 1978; Van Deerlin and Shooshan, two of the principal architects, think it sufficient to the day.

When House Communications Subcommittee Chairman Lionel Van Deerlin announced in 1976 that his subcommittee planned to revamp the Communications Act, he said his guiding light would be protecting the public's stake in the nation's communications system. But during the 20-month period his rewrite was incubating he saw mostly the sparks from interests with their own axes to grind including the broadcasters, whose opposition, he said, could kill his bill.

In reflections last Thursday, the subcommittee chairman and his chief counsel, Harry M. (Chip) Shooshan, expressed pleasure in a final product Mr. Van Deerlin thinks serves two ends—protecting the interests of consumers while not endangering the vested interests of broadcasters.

The compromises are evident. The reduction in the limits on station ownership, for instance, is an attempt to deal with a growing concern about concentration of ownership in the media—while at the same time making more stations available to new owners, including minorities. Mr. Shooshan said.

But the provision carries no sting for current broadcast owners, because they would not be forced to give up what they have. The goal is more diversity in the long run, "but we're not going to take anybody's property away in order to achieve it," Mr. Van Deerlin said.

Radio presented an easy problem to the drafters. They decided that there is no scarcity there, hence little ground for regulating it. Television, on the other hand, is different, Mr. Van Deerlin believes. He said there is far more demand for access to TV than there are TV stations, and probably always will be. But he sees that as no reason to strap TV with such needless rules as ascertainment.

The subcommittee chairman can see why broadcasters, for selfish reasons, would be delighted to be freed from the formal ascertainment requirement, but believes there is a public good to be gained as well. If broadcasters have to spend less on paperwork, then perhaps they'll spend more on local programing. "You may do the best job in the country on ascertainment, but what does it have to do with the things on the air?" he said.

Television still faces restraints in the new bill but by any reading comes away with less of the commission's weight on its shoulders. And that plus total radio deregulation would be an impossible package to try to sell a Congress like the present one, the subcommittee chairman said. "Obviously commercial broadcasting is not going to get the kind of license relief they were looking for five or six years ago," Mr. Van Deerlin said, "without some arrangement to provide for a full range of tastes."

The arrangement he came up with to offset the benefits to broadcasting was the license fee, seen by Mr. Van Deerlin and Mr. Shooshan as a simple economic solution to a number of complicated problems. They see the fee as a source of funds for building telecommunications systems that will pipe a full complement of network, independent and public broadcasting TV programing to rural communities where television is deficient and where cable systems have been reluctant to build because of high costs. They see it as a source of funds to stimulate minority ownership in broadcasting, in answer to minorities' complaints of white dominance of the airwaves. (Mr. Van Deerlin estimates that those two funds together would cost about $100 million a year.)

They see it, too, as a way to truly insulate federally funded public broadcasting programing from government control. Under the bill the fee would pay the entire government share for public broadcasting programing; there would be no more appropriations from Congress.

The notion should be pleasing to those who are dissatisfied with what the networks are programing, Mr. Van Deerlin added. "People who find TV service inadequate are going to be drawing on the profits of commercial broadcasting to support the alternative."

And the fee would pay for the cost of regulation. All that, in the view of Messrs. Van Deerlin and Shooshan, will be accomplished at no expense to the taxpayer.

After his heated exchanges with the National Association of Broadcasters over the notion of trade-offs, Mr. Van Deerlin doesn't shy away from the term now. Broadcasting deregulation and the license fee don't stand by themselves in the bill, he said. "They're trade-offs," and if one gets deleted from the bill, he indicated, the other probably will, too.

There are other such trade-offs in the bill—one involving cable television, for instance. Cable would be totally freed from federal regulation (its name does not even appear in the bill), meaning that it would also be totally freed from signal restrictions that grew up to protect broadcast signals. But the legislation would also repeal the pole-attachment bill that was signed into law this year, a bill for which cable fought hard to get the federal government to regulate what they considered exorbitant pole-attachment fees.

As a plus for the public interest, Mr. Van Deerlin sees the freeing of cable from federal regulation as a way of increasing the number of cable channels and thereby increasing community access.

Messrs. Van Deerlin and Shooshan offered these further rationales:

The name of the FCC was changed as a symbolic gesture to indicate a clean break

with the past (the name, Communications Regulatory Commission, took only 10 minutes to think up and is attributed to counsel Ron Coleman.)

Not so symbolic was the deliberate omission from the bill of any reference to regulation based on the "public interest, convenience and necessity," which is the pillar holding up broadcasting regulation in the present Communications Act. Mr. Shooshan said the bill, in its effort to fulfill the public interest, speaks for itself. He said Mr. Van Deerlin, feeling that much of what's bad in communications regulation can be traced to the FCC's trying to interpret that phrase, decided not to invite any further misinterpretation of Congress's intentions.

There is no significance to the 10-station limit to broadcast station ownership in the bill. It is an arbitrary number, Mr. Van Deerlin said, adding that "10 stations are enough for broadcasters to prosper."

The reasons television stations will have to wait 10 years before earning the same indefinite license terms as radio is that it will take that long before they will be paying the full license fee.

Mr. Van Deerlin and Mr. Shooshan said they can both be counted on to be fixtures throughout the time it takes to get the new bill through both houses of Congress, Mr. Van Deerlin expressing confidence that the process can be completed in just two years. At his press conference Wednesday the congressman joked that he had a commitment to his wife to retire at the age of 66 after one more term. But he indicated Thursday that if it takes another term beyond that, he will stay.●

CHANGING THE FACE OF AN INDUSTRY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WAXMAN. Mr. Speaker, the introduction of H.R. 13015 received extensive attention in the written press. This legislation has profound implications for the television industry, producers in Hollywood, and all aspects of common carrier regulation. To better acquaint my colleagues with some of these implications, I am pleased to insert in the RECORD three excellent articles from the Hollywood Reporter and Wall Street Journal, from June 8, 1978, and an interpretive article by Les Brown of the New York Times from June 12, 1978:

[From the Hollywood Reporter, June 8, 1978]

PROPOSED COMMUNICATIONS BILL WOULD CHANGE FACE OF INDUSTRY

WASHINGTON.—Revolutionary legislation, which if adopted will change the entire complexion of federal regulation of the communications industry in the U.S., was introduced by House communications subcommittee chairman Lionel Van Deerlin (D-Calif.) and ranking Republican Lou Frey of Florida.

The bill proposes the abolishment of the Federal Communications Commission, the Corp. for Public Broadcasting and the recently established National Telecommunications and Information Administration of the Dept. of Commerce. New entities with substantially altered responsibilities would be created.

Other highlights of the 217-page bill include basic deregulation of radio, a spectrum use fee levied against all broadcast licensees, an extension of TV licenses from three to five years and eventually to perpetuity, scrapping of the fairness doctrine (to be replaced by a less restrictive "equity principle") and a limitation of multiple ownership of broadcast facilities by any one entity to five radio and five TV stations.

The bill's sponsors pointed out, however, that no divestiture of presently owned broadcast properties would be required.

Additionally, the bill would end federal regulation of the cable TV industry, and it would allow monopoly carriers such as AT&T to enter virtually any telecommunications market (including cable), provided it did so through a separate entity, such as a wholly owned subsidiary.

The Bell System is also required to divest itself of equipment manufacturing, as would be any monopoly carrier, within three years of enactment. Thus, if approved, AT&T will have to sell its subsidiary, Western Electric.

Specifically, the new bill, titled the Communications Act of 1978, does the following:

Abolishes the FCC, replacing it with a Communications Regulatory Commission, and makes a finding that regulation should be necessary only "to the extent marketplace forces are deficient";

Sets up the National Telecommunications Agency as an independent policy-making arm of the Executive Branch, replacing the National Telecommunications and Information Administration (Van Deerlin believes that NTIA's movement to the White House, like OTP, would put in a better position to supervise the government's use of the spectrum);

Deregulates radio; licenses would be for indefinite terms, subject to revocation only for violations of technical rules;

Extends TV license terms from three to five years, but they also would become indefinite 10 years after enactment of bill;

Establishes a license fee that would reflect both the cost of processing the license application and the value of the spectrum occupied by the user (applies to broadcasting and non-broadcasting services);

Creates the "Telecommunications Fund" with the license fees collected; the fund would support the Communications Regulatory Commission and new programs for aiding public broadcast programming, minority ownership of stations and the development of telecommunications services in rural areas;

Prohibits federal regulation of cable TV;

Requires any monopoly common carrier (e.g., AT&T) to divest itself of equipment manufacturing (e.g., Western Electric) within three years after enactment;

Replaces the Corp. for Public Broadcasting with a private nonprofit corporation to be known as the "Public Telecommunications Programming Endowment," the sole purpose of which would be to provide grants for production and acquisition of programming;

Replaces the fairness doctrine with the "equity principle," applicable only to TV * * *.

Exempts candadites for President, Vice President, U.S. Senate and other statewide offices from equal time requirements (which also would apply only to television);

Limits multiple ownership to five radio and five TV stations and provides that no individual may own more than three TV stations in the top-50 markets—no divestiture would be required, but these provisions would take effect at time of transfer or sale; owners may now hold up to 21 stations—seven TV (no more than five of which can be VHF), seven AM radio and seven FM radio;

Restricts ownership of broadcast stations to one per market;

Removes restrictions on editorializing and endorsement of political candidates by public broadcasters.

"This act has the flexibility we need to go with the 21st century. There will be less government regulation, less government control, less costs, and a chance to get a great number of services to the people, hopefully at a competitive price," Congressman Frey stated.

Chairman Van Deerlin also expressed enthusiasm for the bill's license fee plan, where over a 10-year period, 10 percent of the license fees each year would go not only to cover the costs of regulation but also for: support for public broadcasting; support for a program to provide low-interest 30-year loans to stimulate minority ownership, and support for a rural TV fund, which would help provide a full TV service (all three networks, and public broadcasting) to rural towns which do not presently receive such a wide service.

The bill's sponsors explained their treatment of cable TV thusly, Frey stating: "We've taken cable out of the act, and have said it is an intrastate business. At present, cable has the best opportunity to grow without the need for federal regulation." Chairman Van Deerlin believes cable has "earned" its deregulation, "after having been held in bondage for a number of years."

Both Van Deerlin and Frey harshly criticized the present regulatory structure, particularly the time and expense involved to obtain FCC approval for any number of actions. "Never again," said Van Deerlin, "will it take 19 years to complete a license application." Frey noted that the federal regulatory structure has "bumbled along" for years, and that legislative inaction has led to a "hodge-podge in communications."

The bill is written with the overall objective of allowing the marketplace, rather than the federal government, to determine the future of telecommunications. The bill also mandates a procompetition, rather than protectionist, approach to telecommunications entities such as telephone and broadcasting, allowing other technologies to compete for a share of the market without many of the regulatory restrictions which the bill's sponsors feel have stifled innovation in the past.

Public reaction to the new bill was slow in coming, primarily due to the secrecy which surrounded the proposal before its official unveiling today, for in spite of several pronouncements by Van Deerlin and Frey that the measure was "thoroughly bipartisan," other members of the subcommittee did not know what the bill contained until yesterday's announcement.

Not only were other subcommittee members kept in the dark, but virtually none of the trade groups and other key industry spokesmen had any idea what would be in the bill, the first major effort to modernize communications law since enactment of the original Communications Act in 1934. Even the FCC, which would be replaced if the bill passes, was unaware of its contents.

Initial comment—what there was of it—was low key and conservative and included a statement by National Assn. of Broadcasters president Vincent Wasilewski. "The NAB applauds much of what the subcommittee has attempted to accomplish—less regulation, achivement of greater First Amendment rights, a fair climate for individual growth and increased service to the public. Any changes in present law must be carefully weighed before adoption."

However, previous statements by the NAB opposing the spectrum fee concept, as well as deregulation of the cable industry, prompts several observers to predict that the broadcasting industry will express concern over many provisions of the bill.

Similarly, the Motion Picture Assn. of America, which issued no statement, is ex-

pected to have grave concerns regarding the deregulation of cable, particularly in regard to the lifting of restrictions on exclusivity and importation of distant signals.

As for the cable industry, spokesmen felt that while many problems regarding regulation by the FCC would be resolved with adoption of the bill, many more questions and concerns would arise. They worried about the freedom the bill would give states to regulate cable, as well as the implications of allowing telephone interests to enter the cable market. "The implications of this bill are massive," said one cable trade association executive.

[From the Wall Street Journal, June 8, 1977]

COMMUNICATIONS LAW OVERHAUL IS BEING PROPOSED

WASHINGTON.—Ranking members of the House Communications Subcommittee proposed an overhaul of federal communications law that would have a profound impact on the telephone and broadcasting industries.

American Telephone & Telegraph Co., as the largest company affected by the legislation, would experience the largest consequences. Under one provision of the proposal, AT&T would be required to divest itself of its Western Electric Co. manufacturing subsidiary. Under another, though, the big carrier would be able to offer potentially lucrative computer services to its customers; this activity currently is barred under a 1956 antitrust settlement with the Justice Department.

The legislation, offered by Rep. Lionel Van Deerlin (D., Calif.), subcommittee chairman, and Rep. Louis Frey (R., Fla.), its ranking minority member, represents the first attempt by Congress at a floor-to-ceiling renovation of the Communications Act since its original passage 44 years ago.

The bill would sweep away many landmarks long familiar to broadcasters, cable-television operators and common carriers. The seven-member Federal Communications Commission, for example, would be replaced by a streamlined and more limited five-member Communications Regulatory Commission. The bill also would end all federal regulation of cable-TV and all regulation of radio broadcasters except for frequency assignments and technical standards.

Although TV broadcasters would still be regulated, it would be significantly curtailed. For instance, the Fairness Doctrine established by the FCC, which requires the airing of conflicting viewpoints on important public issues, would be replaced by a less stringent "equity principle." The opportunity to challenge the issuance or renewal of TV license holders also would be greatly diminished.

At a news conference, Mr. Van Deerlin said the aim of the proposed legislation is to regulate the communications industry only "to the extent that marketplace forces are deficient." Where his bill removes regulations, as it would for radio broadcasters and cable-TV, marketplace competition ultimately would eliminate operators who fail to serve the public's need, the California Democrat asserted.

INCREASED INSULATION

However, it may be difficult to persuade the public and other lawmakers with that argument. Interest-group spokesmen were quick to criticize the increased insulation the bill would provide radio and TV station owners from challengers to their licenses.

The Rev. Everett Parker, director of the United Church of Christ's Office of Communications, called the broadcast proposals "a bigger giveaway of public rights and property than Teapot Dome" and said they violate the principle that "the airways belong to the people." Nicholas Johnson, a former FCC commissioner and chairman of the National Citizens Communications Lobby, added that the bill would strengthen the monopoly position enjoyed by commercial TV station owners in major population centers.

Chairman Van Deerlin, for his part, predicted ultimate passage of the bill, but said that final action by Congress mightn't come until 1980.

In economic terms, the bill would appear to have its greatest impact on common carriers, especially AT&T. Under the proposal, monopoly carriers would be barred from the manufacture of telecommunications equipment. In addition to forcing AT&T's divestiture of Western Electric, this provision would force a similar split-up of General Telephone & Electronics Corp.'s telephone and equipment-manufacturing operations. The deadline for divestiture would be three years from the date the bill became law.

The divestiture of Western Electric also is one of the Justice Department's chief objectives in its pending antitrust suit against AT&T. But at the current pace of the legal proceedings, Congress may well reach its decision on the issue before the federal courts render their verdict.

DECIDE THE EXTENT

The bill also directs the proposed Communications Regulatory Commission to decide the extent to which one telephone service should subsidize another. Such decisions, which AT&T says have held down private phone customers' bills, traditionally have been left to AT&T Bell System companies and state utility commissioners.

The bill further would foster competition with AT&T by smaller common carriers that offer private line and oher specialized services. It provides that "all carriers," including AT&T, must furnish service and connections to other carriers unless the new commission finds there would be "substantial harm" to the carrier providing the communications links and that this harm would exceed potential public benefits.

On the other hand, the bill would open a profitable new market to AT&T and other telephone companies by permitting them to offer their customers a full array of computer services. Such services would have to be provided through subsidiaries separate from the carriers' regulated telephone services. The same provision also would permit telephone companies to bring TV programs to their subscribers in competition with cable-TV companies and broadcasters.

In addition, carriers could undertake new construction or acquisitions without first obtaining government clearance. Carriers would have the burden of proving their rates are "equitable," but the burden of proving rates "inequitable" would be transferred to the new commission if it failed to reach a decision within nine months of ordering a rate hearing.

STIFF NEW FEE SCHEDULE

Broadcasters and common carriers alike would face a stiff new schedule of licensing fees. Although they would be phased in over a 10-year period, the fees ultimately could amount to $300 million or more annually and would be designed to replace federal tax money as a source of subsidies to public broadcasting, to create a loan fund for minority broadcasters and to pay the full cost of regulating the communications industry.

The bill also would limit the TV networks and other owners of broadcast stations to a maximum of five radio and five stations, compared with the current limit of seven AM, seven FM and seven TV stations. However, those ceilings would apply only when present owners sold or transferred properties.

In addition to scrapping the FCC's Fairness Doctrine—long attacked by broadcasters as a barrier to TV programs on controversial subjects because of its requirement that all sides must be aired—the proposed bill would limit the equal-time privilege of political candidates. As written by Reps. Van Deerlin and Frey, the new equal-time provision would exempt candidates for President, Vice President, U.S. Senate and statewide offices. Thus, only candidates for other offices could demand equal time with opponents whose views are carried by a local station.

At the very moment details of the bill were announced, though, FCC Chairman Charles Ferris was offering some opposite views of the Fairness Doctrine and the equal-time provision to the Senate Subcommittee on Communications, which is considering a separate Senate bill that would do away with both. Considering that there are "substantially more individuals who want to broadcast than there are frequencies to allocate,"—as the Supreme Court observed in a landmark fairness decision—both concepts should be retained, Mr. Ferris testified.

AT&T WILL OPPOSE PLAN

In New York, William M. Ellinghaus, AT&T vice chairman, indicated the company will vigorously oppose the proposed divestiture of Western Electric. "Vertical integration . . . has served the public well, over nearly a hundred years," he said, reiterating the phone company's position that abolition of that structure "would slow technological innovation, increase the cost of facilities and lead eventually to higher rates for services.

Mr. Ellinghaus added that AT&T "welcomes provisions of the bill that preclude constraints on the kinds of technology" common carriers can offer their customers and "the bill's declared intent to assure . . . full and fair competition." He said AT&T is beginning a detailed study and analysis of the bill.

Privately, industry sources were wondering whether divestiture of Western Electric would help or hurt independent manufacturers of telephone equipment. Western Electric, with more than $8 billion in sales last year, is many times the size of other manufacturers and would be a formidable competitor if turned loose on the market. Economies of scale could enable it to sell equipment at lower prices than other manufacturers. Separating Western Electric from AT&T would open the vast market of Bell operating companies to competitive manufacturers, but many observers believe Western would continue to be their major supplier.

General Telephone & Electronics said it, too, opposes a prohibition on the manufacture of telephone equipment by phone companies. In Stamford, Conn., a GTE spokesman said the affiliation of telephone companies with manufacturers "has been instrumental in providing the U.S. with the best communications system in the world."

AT LEAST ONE PHONE

Most telephone industry executives said they wanted to study the proposed legislation before commenting on specific provisions. But J. Philip Bigley, president of Viroqua Telephone Co. in Viroqua, Wis., said he is "concerned" that the proposal doesn't incorporate the so-called "primary instrument concept," which would require telephone companies to supply at least one phone to all single-line customers.

CBS Inc., American Broadcasting Co. and RCA Corp.'s National Broadcasting Co. unit

all declined immediate comment on provisions of the bill, noting that it required careful study. Several industry sources said that some of the bill's provisions were fuzzy and would require much clarification during the coming hearing process.

In a statement, the Washington-based National Cable Television Association, a trade group, applauded the proposed deregulation of the cable-TV industry. "However," the statement added, "to assure that what would be dismantled on the federal level wouldn't be reassembled on the state level, some congressional guidance may be necessary." The association said the bill's common carrier provisions appear to open the door for the world's largest and most profitable monopoly, the telephone company, to expand into virtually all areas of communications including cable TV." This section of the bill, the association said, "must be carefully scrutinized."

One television industry source said that in contrast with dire predictions among broadcasters when the rewrite was initially proposed, "there's nothing in the bill that turns broadcasting upside down, or threatens to put people out of business."

But Howard Turetsky, senior analyst at Arnhold & S. Bleichroeder Inc., said some of the bill's proposals seem a little radical." He added: "In the real world, it's going to be a long time in coming. There are a lot of vested interests pulling in different directions that will prevent the passage of this rewrite at least for several years. Everyone admits some changes should be made, but broadcasters want to protect their position and are afraid of any change. Once Pandora's box opens up, they figure, anything can happen."

BROADCAST REGULATION: PLAN MAKES WAVES

(By Les Brown)

The phrase "public interest, convenience and necessity" was conspicuously absent from the plan put forth last week by the House Communications Subcommittee to revise the 1934 Communications Act. Almost from the beginning of electronic communications, that phrase from the original act has served as the keystone of broadcast regulation, the criterion for station performance and the basis for accountability.

Every broadcast station received its license as a public trustee with the understanding that, because the airwaves belonged to the people, it had the obligation to serve the public interest, convenience and necessity.

Under the new legislative plan—which itself is subject to revision after a series of hearings later this year—there would be no acocuntability for broadcast licensees and no tacit obligation to provide news, public affairs, cultural, religious, informational or children's programs.

Moreover, with the proposed abandonment also of the so-called fairness doctrine, there would be no requirement either for broadcasters to examine controversial issues or to present the various contrasting views when they did deal in such issues.

These omissions were chiefly what provoked the Rev. Dr. Everett C. Parker, director of the Office of Communication of the United Church of Christ, to characterize the proposal as "a bigger giveaway of the public rights and property than Teapot Dome." Mr. Parker is one of the leading activists for citizens' rights in radio and television.

Representative Lionel Van Deerlin, the California Democrat who is chairman of the subcommittee and the principal author of the bill, explained in a telephone interview the deliberate omission of the public interest provision.

"We thought the phrase never really meant anything to the users of the airwaves and to those who regulate the industry," Mr. Van Deerlin said. "A lot of games have been played with it, and there have been a lot of empty promises made to serve the public interest. But stations automatically received license renewals no matter what they promised and no matter what the quality of their product."

A NEW PHRASE

The phrase Mr. Van Deerlin would substitute for "public interest" is "market forces."

"The theory behind the plan," he said, is best summarized in Lincoln's statement, "That government governs best which governs least." "We believe the marketplace is a wiser determinant of program tastes than seven commissioners in Washington."

Under the subcommittee's proposals the Federal Communications Commission would be stripped of much of its regulatory power, reduced to a body of five and renamed the Communications Regulatory Commission.

The registration is designed, Mr. Van Deerlin indicated, to create open competition between the existing system and the emerging technologies of cable television, pay television, satellite broadcasting and fiber optics. He suggested that present F.C.C. regulations were retarding their growth.

The public interest would be served, under the new plan, he said, "because the new commission will not be holding back the dawn."

He continued: "We're going to make sure the marketplace is larger and that broadcasters will have to meet greater tests than before. Those who are doing a good job should have nothing to worry about. But even if a lot of nonquality stations succeed against the competition, they will be paying money under our plan for their use of the airwaves. And that money will provide the funding for a quality system—public broadcasting."

The aspect of the plan that promises to be most controversial with the commercial broadcasting industry is the imposition of a "spectrum use" fee, determined by the power of the station and the size of its market.

Leading New York stations such as WABC–TV, WCBS–TV and WNBC–TV might be required to pay as much as $5 million a year, Mr. Van Deerlin said.

The funds raised from those who use the airwaves would go toward the support of public television, the new regulatory commission, minority ownership of stations and development of rural telecommunications.

$200 MILLION A YEAR

Mr. Van Deerlin said that initially the fund might provide more than $200 million a year for public broadcasting—an amount equal to the proposed Federal appropriation for 1981—but that eventually it should cover the full expense for the system.

The bill, meanwhile, would ban the support of specific programs on public television by private corporations. "Ideally," Mr. Van Deerlin said, "there should be no corporate participation in public broadcasting."

Commercial stations that now object to paying a spectrum-use fee are likely to find, the Representative suggested, that it will come to no more than what they currently pay lawyers to represent them before the F.C.C.

"The elimination of Federal regulation is going to be tough on the communications bar," Mr. Van Deerlin remarked.

To Dr. Parker's charge that the bill is a "giveaway" of public rights, Mr. Van Deerlin replied: "You can't call it a giveaway when we're imposing a fee for the license."●

BASIC QUESTIONS FOR JUDGING THE OVERRIDING NEED FOR CREATION OF A DEPARTMENT OF EDUCATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. CONYERS. Mr. Speaker, on August 2, 1978, I submitted testimony to my colleagues on the Subcommittee on Legislation and National Security of the Government Operations Committee pertaining to H.R. 13343, a bill to establish a Department of Education. This bill is scheduled for its second day of markup on August 8. Unfortunately, the primary election in Michigan occurs on that day and, therefore, I will be unable to attend the markup session. Consequently, I want to share with my colleagues in the subcommittee and the House a supplementary statement of my views on H.R. 13343 which incorporates a series of questions which need to be addressed during consideration of the bill.

Most of the discussion and debate in the preceding markup session and, I anticipate, in the August 8 markup session, will have focused on component pieces of H.R. 13343, including: Strengthening of the Office of Civil Rights; inclusion of child nutrition programs; transferring Native American education programs from the BIA to the new Department; and the like. Very little of the discussion thus far has dealt with the basic question—Why create a Department of Education? This larger question breaks down into at least 11 subquestions. I would hope that proponents of creating a new Department will take the time to attempt to answer these questions for myself and other members of the subcommittee and committee.

STATEMENT OF THE HONORABLE JOHN CONYERS ON H.R. 13343

I want to direct your attention to title I—findings and purposes—of H.R. 13343. Section 101, the statement of findings, is a collection of mainly truisms about the importance and status of education in the Nation today. Perhaps it is asking too much of the bill's preamble, but the statement of findings in no way leads to the conclusion, in section 102, that the establishment of a Department of Education is necessary and "in the public interest."

Perhaps the most important factual statement in the findings section of the bill is:

(3) the responsibility for education has been and must remain primarily with State, local, and tribal governments; public and nonpublic institutions, communities and families;

Although I cannot say with any conviction that the creation of a Department of Education will be harmful in any important ways to education at State and local levels, I cannot say with any assurance that it will have any tangible benefits in the short or long run.

Both the statement of findings and purpose of H.R. 13343 assert that educational issues are not receiving proper attention at the Federal level because of the current structure of the executive branch, that is, the lack of a Cabinet-level Department of Education. Even though this premise is fundamental to the proposal to create a Department of Education, we have not heard any credible testimony from proponents of the Department as to the ways in which education issues have been given inadequate attention by either or both the executive and legislative branches of the Federal Government. The strongest case has been made although not strongly enough, for the need to strengthen the Federal commitment to insuring equal educational opportunities for every individual. Specifically, this means strengthening the authority, operational integrity, and independence from political and bureaucratic interference of the Office of Civil Rights.

The second purpose of creating the Department stated in the bill is to "enable the Federal Government to coordinate its education activities more effectively." Here again, none of the testimony and documents supplied to the subcommittee has demonstrated the overriding necessity for establishing the Department to improve coordination of Federal education activities. Every major activity in federally financed domestic programs, especially in the human services areas, needs much more coordination at the Federal level and between the Federal, State and local levels. The difficulty of planning and executing an urban policy is a good case in point. With an estimated 130 education programs spread over some 37 departments, coordination problems in the education arena are at least equally problematic. The creation of a new Cabinet-level department realistically offers little hope for relief of the coordination problems endemic to pluralistic government.

None of the other purposes of H.R. 13343 necessarily require the establishment of a Cabinet-level Department of Education. Stated another way, the case has not been made that these purposes cannot be accomplished within the existing structure of the executive branch under current legislation, or with additional legislation and appropriations. Just a simple listing of the purposes of a new department makes this clear:

Promoting the quality of education;

Strengthening relationships among schools, parents, communities, the workplace, and other institutions

Promoting effective partnerships among Federal, State, local and tribal governments, the private sector, public and nonpublic institutions, community organizations, and families to improve the utility and quality of education

Providing leadership in support of research relating to human development and learning systems; collecting, analyzing and disseminating information on the progress and condition of American education

And the list goes on in section 102. The list includes improvements in the design, management, evaluation, and technical assistance aspects of education programs and activities. This list of improvements needed in the design, development, and implementation of education policies and programs at all levels of government suggests that the House's Education and Labor Committee should initiate an in-depth review of the needs to improve the quality of education and its delivery mechanisms at Federal, State, and local levels, including existing Federal legislation, before Congress moves any further to examine legislative proposals to create a Department of Education. Clearly more attention is needed for education issues at the Federal level but the primary vehicle for focusing that kind of attention should be the congressional oversight and legislative process, and not the creation of a new Department.

In its consideration of H.R. 13343, the members of the subcommittee have to ask a series of questions the answers to which constitute a reasonably clear—and overriding—argument for, or against, creation of a Department of Education. I have attempted to frame such a series of questions which cover the logic and substantive arguments for or against the creation of a Department. Unfortunately, the answers to such a series of questions have to be extracted from the aggregation of testimony from various special interest groups, much of which has little to do with the broader issues and purposes involved in the proposal to create a Department. After stating each question, I have indicated my view of the most appropriate and fair answer based on the information available to the subcommittee at this time. I would respectfully ask each member of the subcommittee to ask themselves the same set of questions and then to assess the overall conclusion with respect to their vote on H.R. 13343.

The questions and answers follow:

QUESTIONS AND ANSWERS ON THE CREATION OF A CABINET-LEVEL DEPARTMENT OF EDUCATION

(1) Does the Federal government have educational goals and policies that require creation of a Department of Education for their implementation?

Case has not been made.

(2) Should the Federal government have uniform and cohesive educational goals and policies?

Perhaps. Requires congressional debate.

(3) Should a Department of Education be created to provide the vehicle and impetus for development of Federal educational goals and policies?

No.

(4) What are the real gains in Federal policy and planning in education that would flow from creation of a new Department?

Unknown. Case has not been made.

(5) Will a Department of Education increase coordination between educational programs in various Federal departments?

Possibly. Unknown. Case has not been made.

(6) Will a separate Department of Education assure larger appropriations for education?

No.

(7) Can a President and Congress committed to increased appropriations for education do so without a separate Department?

Yes.

(8) Can there be a unified direction of federally financed education programs if these programs are not under a single committee's jurisdiction in the House and the Senate?

No or unlikely.

(9) Will a separate Department of Education mean more Federal regulation, more Federal control and an expanded Federal role in education?

Possibly. Unknown.

(10) Will a separate Department of Education mean less paperwork and bureaucratic red tape at Federal, state and local levels?

Possibly. Unknown, but unlikely.

(11) Will the cost of creating a new Department be high in the short- or long-run?

Unknown.●

NO AID CUTS TO UNDERMINE ISRAEL DEFENSE

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. OTTINGER. Mr. Speaker, I urge my colleagues to join me today in opposing any amendment to the Foreign Assistance Appropriations Act which would stipulate an across-the-board funding cut which would adversely affect the aid intended for Israel more than any other nation. Beyond the fact that such cuts would severely undermine the United States role in international financial institutions and our ability to deal effectively with our adversaries around the world, these cuts could drastically undermine the security of one of our closest friends and allies, Israel.

In light of the Senate's recent decision to approve the arms package to the Middle East, which has already done much to disrupt the military balance in the Mideast and to threaten Israel's security, Congress should not even consider any additional cut in aid to Israel, no matter what form consideration of such a cut takes. Efforts to reconvene the Mideast peace talks which have most recently been jeopardized by Egypt's intransigence, would also be disrupted by changing aid levels at this time. Given these developments, it is imperative that Congress be responsive to Israel's urgent economic and defense needs by opposing any reduction in aid.

Yesterday, an amendment to the International Security Assistance Act of 1978 was adopted without opposition that expresses the sense of the Congress that the United States should be responsive to Israeli defense requirements and should sell Israel additional advanced aircraft in order to maintain Israel's defense capability which is essential to peace. The intent of this amendment is clear—the security of Israel is of the utmost concern and importance to the United States. Adoption of any amendment today which would reduce U.S. aid to Israel would not only be in direct contradiction to what is necessary for peace in the Mideast, but it would also be contrary to the explicit

intent of this amendment adopted unanimously just yesterday.

I urge my colleagues to oppose any amendments to the Foreign Assistance Act which would adversely affect the balance in the Mideast, which would be detrimental to continued U.S. efforts to bring about a lasting peace in the Mideast, and which would undermine the security of Israel.●

WHAT WILL HAPPEN TO SOCIAL SECURITY?

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. STEIGER. Mr. Speaker, late last year I joined several of my colleagues on the Ways and Means Committee in proposing amendments to the Social Security Act which would have maintained the solvency of the program for the next 75 years. Our proposal did not involve a substantial tax increase for workers or employers; it did not violate the integrity of the social security trust fund by using nonexistent general revenues to bail out the program.

Our proposal was rejected. Instead, Congress adopted a financing scheme which is now declared to be unsatisfactory by the original proponents. If the problem were not so serious, I would be amused by my colleagues who voted for an unworkable program and are now seeking to place as much distance as possible between themselves and their creation.

An effort will again be made this week to tinker with social security. I hope this effort is rejected, because the latest "solution" is no better than the monster enacted last December. The situation can still be salvaged by adopting our proposal. It will not be offered this week, but it is still available for consideration. I would even be willing to retitle it the "Democrat's Relief Act" to make it more palatable to my colleagues on the majority side who treated our proposal as a partisan issue.

I insert in the RECORD two articles which discuss the social security problem.

[From the Mercer Bulletin, June 1978.]

SOCIAL SECURITY AMENDMENTS

The Social Security Amendments of 1977 made important revisions in the Social Security program. These amendments are generally considered to be the most significant social security legislation possibly since 1950.

Under the old law, future generations of workers would have received progressively higher levels of retirement benefits, relative to their preretirement earnings, than today's generation receive. The amendments revised the method of determining benefits so this would no longer be true. These changes reduced the future cost of the program.

The amendments provided for extraordinary increases in the maximum amount of earnings used for computing benefits and assessing taxes during the period 1979–81. This change increased the income of the Social Security funds more than it increased the benefit payments. The amendments increased the tax rates themselves as well as the earnings which are taxable.

SOCIAL SECURITY IS STILL UNDERFINANCED

But, even after all these changes, the Social Security program is still significantly underfinanced. To pay for the benefits which have been promised, taxes paid by the employee and the employer must continue increasing beyond the ultimate level of 7.65 percent in 1990. The tax rate must increase to approximately 8 percent by the year 2000 and 12 percent by the year 2025.

These future tax rates are based on the "intermediate" assumptions utilized by the Trustees of the Social Security program. Actual future tax rates will be different from these estimates but, from this perspective (1978), it seems more likely that they will be higher than the estimates.

The Social Security program, however, is only one component of the myriad of employee benefit systems which have grown up over the years in an attempt to satisfy the needs generated by illness, disability, old age, or death. There are numerous other employee benefit and income maintenance programs: worker's compensation, unemployment insurance, private retirement plans, group life and medical insurance plans, sickness benefit plans, etc. All of these employee benefit systems should be scrutinized and redesigned to the extent necessary to eliminate any gaps and duplications in satisfying these human needs, and to ensure that each public and private benefit dollar is being allocated wisely.

PROBLEM MUST BE CHANGED

After all these changes have been effected, however, it appears that the problem will still be unresolved because it may well be impossible to satisfy all these human "needs" as they are now defined. The growing cost of these systems, public and private, may ultimately develop into an unsustainable burden. If this is true, the only conclusion is that some way must be found to reverse the present trend.

In seeking ways to change the dimensions of the problem the nation's concept of work, education, leisure, and retirement should be reviewed carefully. It appears likely that this concept could be revised and that it might be presumed that an individual will engage in gainful employment, suitable to physical and mental condition, until an age well beyond age 60 or 65, perhaps even for the rest of his life. For this trend to occur, however, significant changes will be required in existing social and economic arrangements.

The nation must take appropriate action to provide an environment in which the capabilities of each individual can be utilized effectively, an environment which fosters meaningful activity, not empty idleness. Both the incentive and the opportunity should exist to enable every individual to work and produce throughout his lifetime in a series of endeavors compatible with his changing physical and mental abilities. Governmental policies should be directed toward these goals and not toward the removal from the active work force of able-bodied persons who must then be supported by the remaining active workers.

Jobs must be structured so they are more meaningful and satisfying to the individual. Significant advances will be required in our ability to match persons with jobs. Attitudes must change to make this new concept possible.

These changes must begin to take place during the next 10 years, and they must be well underway by the turn of the century when the children of the post-World War II baby boom begin to reach their forties and fifties. Bringing about these changes will be a slow process which will require the cooperation of many institutions, not just Social Security.

FIRST STEPS IN THE PROCESS OF CHANGE

The first step in this process of change was the recent action by Congress prohibiting an employer from imposing mandatory retirement at an age lower than age 70 (with certain exceptions). This action was another step in the direction of eliminating job discrimination. Coincidental as it was, it nevertheless fits in well with the eventual need for a more complete utilization of the nation's human resources.

The Social Security program effectively states the retirement policy of the nation and since the program itself fosters a policy of relatively early retirement, Social Security should be revised. The mere existence of the Social Security program in its present form sets a standard, and thus creates an expectation which then fosters a presumption of entitlement, for retirement in a person's early to mid-sixties, regardless of health and ability to continue as a productive and useful member of society. The Social Security program thus creates some of the needs it purportedly exists to serve.

CHANGE IS POSSIBLE

To some observers, major changes in the Social Security program are out of the question because of the size and scope of the program and because it is so firmly established. On the other hand, 53 percent of the present population consists of those born after World War II, persons who are now under age 33. These young persons will begin reaching their sixties just 28 years from now in the year 2006. A general framework should be constructed regarding the retirement of this generation—the type and level of benefits to be provided, the source of benefits, the approximate age at which benefits will commence, etc. In making these choices the nation must not be influenced unduly by decisions made in the past by and for different generations of people living under different circumstances.

With particular regard to the Social Security program, the rationale as well as the cost—now and in the future—must be acknowledged and explained clearly to the public so that the program can be revised or even reaffirmed.

It will not be easy for the nation to move in the direction of full utilization of its human resources and thus bring under control the rising cost of supporting the inactive population. The alternative, however, will be even more difficult: unemployment and underemployment, an increasing pool of idle "disabled persons" and "aged persons", and a total cost to society which will become increasingly difficult to meet; one that could become unbearable.

The time to design the solutions and to begin implementing them is not the future, it is now.

SOCIAL SECURITY—THE CHOICE

(By James Bryant Quinn)

With tax revolt on every tongue, the next target may be social security. Proposals to roll back social-security taxes have been stalled temporarily, but will surely revive next January when the top employees levy goes up by an additional $333 a year.

In truth, the drive for lower taxes is a will-o'-the-wisp. The escalating demands being made on social security, combined with an aging population, imply that payroll taxes will actually have to rise even further. Congress may call on income taxes for some of the funding, but that's like taking money from your right-hand pocket rather than your left. Unless you're prepared to shrink the social-security program, higher costs—and higher contributions—are in the cards.

It's not generally realized how much social security benefits have jumped in recent years. The annual payment to new retirees with low wages is up 75 per cent since 1972, as against a 56 per cent increase in the cost of living. For new retirees at the top of the social security scale, the increase is 107 per cent (when the amount of income on which you pay social-security taxes goes up, the benefit rises disproportionately). In addition, there are now cost-of-living increases for everyone on the rolls. It is hypocritical to welcome these benefits and then join a tax revolt.

MORE BENEFITS WANTED

That's only the start of the agenda. Among the many petitioners waiting in the wings are housewives, who want social-security benefits in their own right even if they haven't paid into the system, and people 65 and over who haven't retired (their demands for payment almost made it through Congress last year). A growing number of people think that social security, planned only as a supplemental source of income, ought to provide every American with a decent living in his old age. Excellent social and moral arguments can be made for all these goals. But they're not compatible with lower taxes.

In a sense, social security is being cooked by a longstanding myth—namely, that our own, personal payroll taxes are somehow set apart to finance our own social-security benefits. That bit of nonsense has been perpetrated by politicians in order to make us tolerant of rising taxes. (It also serves a fundamental principle of public finance—that taxes should neither be seen nor felt, only paid.) But now that social-security contributions are starting to hurt, that myth has become a burden.

Many taxpayers mistakenly think that, at today's high tax levels, they must be putting more into social security than they'll ever get out. Hence, they press for higher and higher benefits.

LOAVES AND FISHES

The fact is that if people could take out social security only what they put in, they would generally be poor indeed. If you, for example, had paid the maximum into social security since its inception in 1935, if that payment had been matched by an employer and if interest had been paid on the accumulation, the most that could possibly be in your social-security account is $31,500, according to the Social Security Administration. That money would last no more than 4 years for a couple retiring this June at 65. After that, it's the miracle of the loaves and fishes. "Your" money is gone, but retirement checks come in anyway—paid through the taxes of other citizens. By this accounting, others would also have to pay your supplementary benefits—medicare, disability and survivors insurance. Social security, in other words, provides far more than a return of your own contributions.

Not even the soaring level of payroll taxes now in prospect changes this situation. Today's workers will simply be entitled to much higher future benefits, still largely financed through the taxes of others. (Those few people who never retire, make small demands on medicare and die in their early 70s without a surviving dependent spouse may not get out of social security what they put in, but that's life. The system stood ready to make payments, had the occasion arisen.)

The general drift in all the industrialized countries has been toward more and better social insurance. The more we have, the more guarantees we want that our standard of living won't drop. The choice, for American voters, is pretty clear-cut: we either cut back on current and proposed social-security benefits or quit squawking about rising taxes.●

GRASSROOTS DIPLOMACY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. McDONALD. Mr. Speaker, Gov. Meldrim Thomson of New Hampshire addressed the Kiwanis Club in Taipeh, Taiwan, on December 7, 1977. His speech was entitled: "Grassroots Diplomacy" and it was very timely. In his speech he discussed America's retreat from greatness around the world since World War II. He describes how American diplomacy has been mismanaged and misdirected since the postwar decades with appeasement as its hallmark. Since another traumatic retreat has just been concluded in the case of the Panama Canal treaties, and as it appears that another retreat in the form of abandonment of our loyal ally, the Republic of China is just on the horizon, I commend this speech to the attention on my colleagues. The speech follows:

GRASSROOTS DIPLOMACY

(By Governor Meldrim Thomson, Jr.)

Mr. Chairman, ladies and gentlemen, what a great pleasure it is for me to return for the third time to the Republic of China on the province of Taiwan. I feel that I have come again to my second home.

Today I wish to bring to you, and through you to the people of your great Republic a message of hope and cheer from the grassroots of America.

In giving you this message please bear in mind that under our American Federal Constitution foreign policy can only be made by our President and confirmed, as to treaties, by our United States Senate, and as to appropriations and other related legislation, by the Congress.

Therefore, although I have the honor to serve as Governor of the sovereign State of New Hampshire, one of fifty such States sharing in the bifurcated sovereignty of our federal system, I can not and do not speak for our Federal Government.

But I can and do speak as a citizen courier bringing you a grassroots message from the heartland of America.

That message as supported by a multiplicity of polls is briefly this:

The great majority of American citizens respect, admire and support the Republic of China in its eternal struggle for freedom over communism!

Be not misled by those cowardly politicians who for far too many years have misguided the United States into the ways of compromise and appeasement that ultimately and always lead to defeat for those who practice such evil arts.

In America, fortunately, the practitioners of appeasement can be removed from their seats of political power. I am one of thousands of citizens striving for just that goal.

We can and shall remove from the high places of authority the Neville Chamberlains of America.

It is just such false prophets and pusillanimous statesmen who have misdirected American diplomacy and foreign policy of the past quarter century.

It was they who hammered out the conferees and treaties following World War II that made it possible for Communist Russia to march to hegimony over the tortured, bleeding bodies of countless former freedom loving nations of Europe.

It was they who needlessly sacrificed the lives of almost 60 thousand American soldiers in Korea by denying our armed forces the all-out right to win.

It was they who capitulated and for the first time in American history accepted a troubled accommodation with the enemy—in this case with Communist China.

I can hear today on the winds of the ghastly past, the heroic sentiments of those courageous leaders of America who forged the lingering greatness that is still ours.

Patrick Henry in the Virginia House of Burgess crying to his fellow revolutionaries, "I know not what course others may take, but as for me, give me liberty or death".

And from our own New Hampshire Revolutionary General John Stark, I catch the immortal message, "Death is not the worst of lots; live free or die".

The winds rustle the sails of time and I hear the defiant taunt of John Paul Jones, "I have just begun to fight".

From George Washington, so like your own great Sun Yat-sen, comes out of the past his fiscal admonition, "cherish public credit . . . . Do not place upon posterity the burdens which we ourselves ought to bear".

It was they who repeated the mistakes of Korea at Vietnam and thus callously wasted on the grissly machine of war the lives of another 55 thousand Americans.

It was they who under the hypocritical and false leadership of Henry Kissinger fashioned the Paris peace which confirmed our surrender to North Vietnam, the puppet of Communist China.

I tell you, friends, the past quarter of a century has seen America write the blackest chapter in her history as we surrendered, conference after conference, that which our soldiers won in battle.

And the indisputable results of that chapter have witnessed America's shift from a once proud champion of freedom nations to the gradual decline from the position of the world's greatest power to one cravenly seeking accommodation with Communism on mainland China, over the Panama Canal, and with Red Cuba—to mention only a few of our diplomatic derelictions.

And from that other American hero, so similar in many ways to your own great Generalissimo Chiang Kai-Shek, I recall the prophetic warning, so applicable to these times, if destruction be our lot, we ourselves must be its author and finisher. As freemen we must live through all time, or die by suicide".

These American heroes of yesterday were never privy to appeasement. In their successful quest for human freedom they accepted the risks, the arduous labors and sacrifices of all who test with destiny to achieve the sacred fulfillment of freedom.

For decades we have with you climbed together the hills of achievement. We have sustained, comforted and supported one another in the joint search for peace in a world of freemen.

We were two of the five great powers that in 1945 built the United Nations as an instrument for effectuating peace.

American taxpayers gladly gave you millions in foreign aid to help in your recovery after the long years of war and you wisely used that money to lay the foundations of your present day prosperity. Later you were to be the only nation to voluntarily relinquish American foreign aid.

In 1955 we signed a mutual defense treaty pledging ourselves "to resist armed attack and communist subversive activities directed from without against" our respective territorial integrity and political stability.

In that vital treaty our two nations also recognized "that an armed attack in the west Pacific area directed against the territories of either of the parties would be

dangerous to its own peace and safety" and we pledged to meet the common danger in accordance with each of our own constitutional processes.

Now, where once there was wholehearted cooperation, there has arisen on your part concern about the future of our happy and successful mutual endeavors.

I can assure you that millions of grassroot Americans share in that concern. We are convinced that the deceitful ways of Communism, as practiced in Red China, can be no substitute for the true and honorable friendship we have enjoyed for so many years with the Republic of China.

In the beginning of our present political extravaganza with Red China, grassroots America was puzzled and confused about the course Nixon and Kissinger were taking on the mainland.

We had watched with admiration the dignity and forbearance shown by you in severing your ties with the United States.

That should have been our warning had we been led at that time by statesmen of the caliber of our founding fathers.

Instead, we have shamefully participated in that organization born of high hope in man's eternal search for peace only to sink to the level of, at best a house of screaming idiocy and at worst an incubator spawning worldwide Communism.

Grassroots America has on the other hand watched with pride your great progress in industry, agriculture and social reform.

We held our breath as you launched your great ten projects and now applaud your success as you near completion of this visionary undertaking.

We must confess a bit of envy of the great economic strides you have made since the recession of the energy embargo. Our very low unemployment in New Hampshire of 3 percent, one of the lowest in the Nation, is twice that of yours.

And I am sure that it would be difficult to find in all the world another nation that could match your economic growth of 11 percent in 1976.

But what we of grassroots America admire most about you in the Republic of China is your great abhorrence of Communism and love of freedom.

Here, unfortunately, you have the advantage of us.

You know from first hand bitter experience that there can never be normalization with Communism anymore than you can homogenize oil and water.

You know that where Communism is concerned accommodation is but the moment of preparation for the ultimate stab in the back.

If we in America had learned that lesson through bitter personal experience as you did we would not now allow the bureaucrats of Foggy Bottom in Washington to lead us down the perilous path marked by the proposed Panama Canal treaties with Communist-leaning Panama, recognition of Red Cuba, and possible recognition of Red China.

The silly talk of our compromise-with-Communism politicians is but the twittering of the uninformed.

There is no way that America can recognize Red China and preserve our mutual defense treaty with you!

There is no way, in fact, by which America can be for freedom, or even remain free, and yet recognize, support and trade in blood money with a Communist nation.

You are at war with international Communism and so too should we be.

The answer for today's Sino-American problem of a divided China must be for America to admit the folly of the Shanghai resolution and to withdraw at once all accommodation with Red China.

Let us admit we made a mistake. We should get off the mainland at once and never return until the Republic of China has restored prosperity and human freedom to that vast area.

Let us in America take a valuable page from your experience and pledge ourselves to openly and aggressively join in the eternal fight against the tyranny and slavery of Communism wherever it exists.

My friends, with the new vision that a new breed of leaders can give to America, let us work in good faith for that day when the Rising Sun of the Republic of China and the morning stars of America will shine in perfect harmony on a world at peace because of its firm foundations in freedom.

Friends, as New Hampshire's General Stark so truly said, "Live free or die".●

A LETTER ON MILITARY SPENDING

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, Neil Dick, a resident of Bronx, N.Y., recently wrote me. The following is an excerpt from his letter:

Here is a speech which was never made in Congress: it is an imaginary speech which I would have given had I been a colleague of yours; I am sure you could have given it, too.

I rise in strong opposition to this defense budget. It is as bloated and wasteful as ever, although I am relieved there is no more B–1 bomber. But I cannot call this extravagant monstrosity the best way to defend the country. Some of my liberal friends will cast their vote in favor of it, saying that it would look ridiculous, for example, to be for defending Israel but not the United States. But, Mr. Speaker, I intend to vote against defense budgets again, and again, and again, until our priorities are totally turned around. A few of my colleagues have made an extremely courageous record of never having voted for one penny for defense. I intend to vote exactly like that if necessary.

Now I am not saying the country should not be defended. But that is indeed what is happening in reality. We seem defenseless to do anything to give work to millions of people who have suffered chronic employment. As my distinguished colleague from Maryland says, we have put only white America back to work. I will not stand still while we have 40, 50% or more unemployment among teenagers in our poverty areas, of minority groups, especially Black and Hispanic. We will never have a really secure country, if we do not take real steps to do something about it. What good does this do if we have "only" 6% unemployment on a "macroeconomic" basis? We also have terrible, spreading decay in many of our cities.

There are so many who say we cannot afford to rebuild our cities, since there is no place in the budget for such an effort. But there is a place for more bombs, more missiles, more nuclear power to blow up the world many times over. I say, for shame. Spending more on better and better ways to kill is "fiscally responsible." Spending more on housing or health or education is supposedly "wasteful." I call this an utter hyprocrisy. I call it a travesty and a fraud on the American people. I say that we can have a secure country from without as well as from within, without busting the budget.

I am tired of hearing what a great country we are, but we should let our cities rot because we are tired of big government. I am fed up with big military government. If we don't come up with a prudent change of priorities which will enable us to improve the quality of life in our cities particularly, it will be like a loss of the very basis of the essense of what this county is supposed to stand for. Mr. Speaker, I yield back the remainder of my time.

REDTAPE AFFECTS SALES OF U.S. AIRCRAFT IN COMPETITION WITH FOREIGN MANUFACTURERS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of California. Mr. Speaker, an article by Alton K. Marsh carried in the July 31, 1978, issue of Aviation Week and Space Technology describes some of the redtape delays we are creatng for U.S. aircraft manufacturers attempting to sell aircraft competitively with foreign manufacturers. The article is worthy of a wider audience here in Washington, and I wish to call it to the attention of our colleagues in both the House and Senate.

The article follows:

RIGHTS POLICY CONFUSION HALTS AIR AMBULANCE SALE

(By Alton K. Marsh)

WASHINGTON.—Confusion over President Jimmy Carter's human rights policy is revealed in the sale of a Swearingen Merlin 4A air ambulance to the Argentine army (AW&ST July 24, p. 9).

Efforts to get clarification from the Dept. of State Bureau of Human Rights and Humanitarian Affairs revealed that there is no set policy. An official suggested manufacturers with questions about such sales should call the bureau.

The $1.6-million sale of the Merlin 4A air ambulance to the Argentine army is being delayed, despite a recent sale of a similarly equipped aircraft to the Argentine Ministry of Public Health. There is no equipment on the aircraft that is listed on the State Dept. munitions list of equipment prohibited from export to unfriendly nations.

The State Dept. had intended to send a letter signed by Assistant Secretary of State for Congressional Relations Douglas J. Bennet, Jr., to Sen. Lloyd Bentsen (D.-Tex.) July 21 announcing denial of the sale. The letter was stopped when it was learned the office of Julius L. Katz, assistant secretary for economic and business affairs, had not reviewed the matter. Bentsen wrote a letter to the State Dept. about the Swearingen sale.

When asked for a list of aircraft delayed for human rights reviews, an official of the bureau of human rights said such a list is "proprietary information." When asked for a list of countries where the human rights issue is considered a problem, the official said no list exists, adding that existence of such a list would constitute a policy.

The official said attempts are under way to develop an "early warning sytem" for manufacturers, but none now exists.

"If industry has a deal going with a country, let us know and we'll discuss it," the official said.

He did reveal that more than 200 export license applications for aircraft, construction equipment and trucks are pending for Argentina, where human rights violations are considered to be severe.

While export licenses are granted by the Dept. of Commerce, it is the staff of Patricia M. Derian, assistant secretary of State for human rights and humanitarian affairs, that must conduct human rights reviews.

"Commerce sends an application over when they are nervous about it," a State Dept. official said. He is one of several officials in the State Dept. who disagree with the early decision to deny an export license for the Merlin 4A air ambulance.

"Mostly Commerce is right. We like to know what is going on. But the Commerce licensing procedure is burdensome. Their internal referral requires 30 days to decide whether to send it to State," the State Dept. official said, adding that it is "illusory" for the Carter Administration to think the denial of an air ambulance contract can influence human rights policies in Argentina.

If the export license is denied, the Argentine army is expected to consider the Mitsubishi MU-2 turboprop or the Dassault-Breguet Falcon business jet.

Delays in handling paperwork in the State Dept. were admitted by the bureau of human rights official. There is a State Dept. rule to respond in 90 days.

William R. Edgar, vice president of the General Aviation Manufacturers Assn., said delays in the Dept. of Commerce stem from a "mammoth" self-protection operation.

"If they would define what countries have human rights problems, and what it will require to sell aircraft to those countries, we would establish the mechanism and attempt to comply. Our frustration revolves around the fact that we don't know the ground rules," Edgar said.

Edgar added that three-to-five month delays result from the review process. "This places the whole contractual sales procedure in jeopardy. We cannot guarantee any potential buyer we will be able to deliver on such and such a date."

His concern was echoed by an official in the Dept. of State, who said:

"At the advent of the human rights policy, no one understood the ground rules. Consequently, difficult decisions are passed to higher levels. It takes a long time to get people to agree to what goes down on a piece of paper the secretary of State will see."

The State Dept. has told the Dept. of Commerce that it wants all general aviation aircraft deliveries to military or law enforcement agencies in countries other than Japan, the U.S., Australia and members of the North Atlantic Treaty Organization to come under State Dept. review.

Last week the State Dept. Bureau of Public Affairs released a short statement on "U.S. Arms Transfer Policy in Latin America," which is intended for government use and is "not intended as a comprehensive U.S. policy statement."

Under the heading, "U.S. Policy," the document repeats these statements from President Carter's May, 1977, arms transfer policy:

Arms transfers are used to promote the security of the U.S. and its allies, but the burden of persuasion is on those favoring the sale.

The U.S. will not be the first supplier to introduce advanced weapons systems into a region that creates a new or significantly higher combat capability.

The State Dept. monitors travels of U.S. arms sales promoters.

The U.S. will assess the economic impact of arms transfers, particularly on recipients of American economic aid.

U.S. will consider the human rights situation.

U.S. will consider regional agreements among purchasers to limit arms acquisitions.

It is emphasized that sales agreements prohibit third party transfers without U.S. approval.●

LIVING WITH HIGH BLOOD PRESSURE

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. DOWNEY. Mr. Speaker, August 3, I introduced H.R. 13733. My bill would require the Secretary of Health, Education, and Welfare to set standards for and regulate automated blood pressure machines. I include a detailed explanation of my bill in the RECORD.

Issue—"23 million people in the United States suffer from a serious disease, a disease only half of them know they have and only 8 percent have treated".—U.S. News and World Report, "Living with High Blood Pressure" Dr. Frank Finnerty. Oct, 1974 (pp. 55–57).

Since Dr. Finnerty spoke those words about hypertension in 1974 there has been a serious effort to alleviate the problems caused by, and the detection of, hypertension. Local hospitals have had free clinics where people can have their blood pressure taken. Scientific studies and educational articles have been published warning people of the dangers of high blood pressure and the need to have a checkup. These efforts have been helpful and brought the problem out into the open but unfortunately the clinics often have reached only a limited cross section of the population—older people, unemployed and in general people with much leisure time.

Oftentimes the persons who are most likely to have hypertension—executives, blacks, and poor people, either do not have the time or are too far from a clinic or hospital to take advantage of these clinics. Most people do not worry about hypertension either, for it is a disease with no visible symptoms. Why worry about a disease you cannot see or feel?

Why? Because it can kill you!

A recent way of combating this problem has been a turn to automation. Automated blood pressure machines can now be found in shopping centers and grocery and drug stores across the country. Many people who would not otherwise have had their blood pressure checked are now being given a quick, cheap automated blood pressure reading.

But are these machines as accurate and reliable as their manufacturers claim. or are they simply another way of "ripping off" the unassuming citizen?

What are the advantages and what are the dangers to the use of these machines?

ADVANTAGES

The proliferation of these machines into the immediate living and working quarters of more Americans clearly makes detection and checkups easier for the average working person. Automated blood pressure machines can alleviate the time, expense and "hassle" of continually running to the doctors office or hospital clinics for a simple reading. Automated machines are capable of giving anywhere from 300 to 400 readings per day. This can be done, according to Dr. Baker of the New York Department of Health's Bureau of Disease Control, "quicker and more accurately than many clinics or doctors could possibly do."

Dr. Baker emphasizes that only under certain circumstances and certain conditions will any automated machine be desired over a doctors visit for there are dangers inherent in the use of these machines.

First. Each brand of machine and every individual machine should be tested under "field conditions" before future production and distribution is permitted.

Second. Once in the field each machine must be properly maintained and periodically checked for faulty readings. The current policy of fixing the machines when they break down is inadequate for there can be a substantial gap in between when a machine is reported broken and when it is really broken.

Third. It should be clear to the user that the chart of average blood pressure given at the time of the reading is just that—an average. It does not take into account the users age, weight, current mood or a variety of conditions that could temporarily affect blood pressure.

Fourth. The user should also be referred to his/her own physician for a diagnosis of the reading, especially if it has been some time since the patient visited a physician—if this is their first time such a visit is imperative.

PRESENT STATUS

Dr. Frank Finnerty of the Washington Hypertension Clinic has ran extensive tests on one brand of automated blood pressure machines, the "filac blood pressure system." He says the machine is "remarkably accurate, and that if all the other automated blood pressure machines were as accurate and sturdy as this one, I would see no problem with their use."

Dr. Finnerty goes on to say that to generalize from the tests he did on this particular unit would be wrong. "These machines can be as different as night and day, they should all be tested by independent agencies."

It is clear that as the use of these machines continues to increase, the need for some sort of regulation, whether voluntary or statutory, will become even more necessary.

As of July 24, 1978, there are no State or Federal laws to regulate this booming business. Vita State Medical Services, in Tierra Verde, Fla., the biggest maker of coin operated machines predict that they will sell over $11 million of these machines this year and the future looks even brighter for these companies.

Dr. Donald Ware of the National High Blood Pressure Center in Bethesda, Md., is heading up a group of representatives from the American Medical Association, the FDA and the National Health Institute who are in the process of drawing up voluntary regulations for the use of automated blood pressure machines.

Dr. Ware hopes that these regulations will be voluntarily adopted by all manufacturers and eventually when manpower becomes available to be adopted and enforced by the FDA. Voluntary standards, while a good concept, are very often hard to implement. Many manufacturers, unfortunately, are not known for their altruistic operating standards and obtaining their compliance with voluntary regulations and restrictions has proven difficult in the past.

High blood pressure is a serious problem, one that needs constant treatment and early detection. If automation will help us conquer it then we welcome it. But we must make certain that we are not looking to automation for "automations sake" without looking beyond the tinsel and seeing the drawbacks and dangers that auomation also present. Without regulations, our automation, a hope for the future, will become automation, a problem for the future.

More and more automation has become a part of our life. Automation to cure sickness and pain is quickly becoming as much to 20th century society as is McDonalds. But just as McDonalds is not the answer to "world food hunger," automated blood pressure machines alone are not the only answer to high blood pressure. Without regulation of these machines and education of its users all the benefits of our technological advances will be lost. This is something we cannot let happen.

APPENDIX A

AMERICAN HEART ASSOCIATION POSITION ON COIN-OPERATED BP MACHINES

There are two major problems in the use of coin-operated blood pressure machines:

1. No evaluations of these devices under field conditions have been completed. The reliability and durability of coin-operated machines are in doubt.

2. Providing a blood pressure reading to a person without counseling about its meaning and a pre-arranged referral system is of little value and may, in some instances, be undesirable.

People need information about their health in order to maintain their well being. Such information ought to be available in a way that is both convenient and not unduly expensive. Although information of this kind may be provided through some future mechanism, the currently available coin-operated BP machines do not constitute such a mechanism.

APPENDIX B

CONSUMER-ADMINISTFRED BLOOD PRESSURE MEASUREMENT

Position Statement of the National High Blood Pressure Coordinating Committee

BACKGROUND

An increasing number and variety of blood pressure measurement devices have become available to consumers in recent years. Both manual and automated devices for home use are sold in pharmacies, medical supply stores and retail department stores, and have been reported to be selling quickly. In addition, at least two manufacturers of automated, coin operated equipment are actively marketing these devices for use in banks, shopping centers and other public places.

It is necessary to distinguish between home blood pressure measurement by a patient under medical supervision and consumer determination of blood pressure using unsupervised coin-operated or manual devices. When suitable training and review are provided to the patient, home blood pressure measurement can be most helpful in ongoing management of hypertension. However, not all patients are suited to home blood pressure measurement. The decision about which patients will benefit should be made by a health professional, preferably the physician. In any case, it is important that the patient or consumer understand the reading and the proper action to be taken, as well as be assured of accuracy and reliability of the equipment.

POTENTIAL BENEFITS

The availability of devices permitting self-measurement of blood pressure by patients and consumers, outside the usual health care setting, can contribute in a number of ways to improved control of this major public health problem:

1. Promotion and accessibility of such devices can reinforce the importance of blood pressure to health and its measurement as a part of regular health care.

2. For some patients on antihypertensive therapy, readily available blood pressure measurement can help motivate or reinforce maintenance of the regimen.

3. Home blood pressure measurement can encourage the involvement of the patient and his or her family in therapy.

4. Multiple measurements outside the doctor's office can assist in treatment decisions for borderline or labile hypertensive patients and can aid the physician in evaluating efficacy of prescribed drugs or other therapy for definite hypertension.

AREAS OF CONCERN

The potential benefits of patient and consumer-administered blood pressure measurements must be balanced against a number of concerns relating to inadequate training in measurement technique, inaccurate equipment, and inadequate information about the meaning of blood pressure readings.

1. Proper training in measurement technique and equipment maintenance is essential for anyone measuring blood pressure.

2. Both manual and automatic equipment must be properly maintained and accuracy and reliability assured periodically.

3. The availability and presence of blood pressure devices in supermarkets, drugstores, airports and other public places may encourage patients and consumers to become overly conscious of their blood pressure, misinterpreting or over-reacting to single readings.

4. Blood pressure readings must be interpreted by a qualified medical professional. Self-diagnosis is hazardous. The detection of an elevated blood pressure on a single, or even on several occasions, does not establish a diagnosis of hypertension. Self adjustment of medication on the basis of such readings, without medical supervision, may also be a real danger.

5. A blood pressure reading, without access to an explanation of the significance, accuracy and limitations of the reading, is a questionable service. No self-administered device is a substitute for evaluation by a physician.

RECOMMENDATIONS

With proper safeguards, it is possible for the benefits of widespread availability of blood pressure measurements to be achieved while the hazards of misinterpretation and misuse are minimized. The High Blood Pressure Coordinating Committee recommends that:

1. Proper training in measurement technique and in equipment maintenance should be provided for those measuring blood pressure at home by the health care provider recommending home measurement. Evaluation of accuracy of measurement and equipment should be repeated regularly and frequently. For those measuring blood pressure without medical supervision, training must be provided through the manufacturer or retailer using literature or, preferably, referral to a qualified source.

2. Standards for performance, use, labelling and maintenance of blood pressure measurement devices should be developed by the Food and Drug Administration under the authority of PL 94-295, the Medical Devices Amendments of 1976.

3. Adequate information about the meaning of blood pressure readings should be provided to persons using any self-administered device. An adequate supply of informational material should be kept on hand where automated coin-operated devices are in use and incorporated into packaging of consumer-purchased devices. Such information should clearly indicate the appropriate course of action and qualified sources of requisite care.●

DR. PETER BOURNE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WOLFF. Mr. Speaker, as chairman of the House Select Committee on Narcotics Abuse and Control, I have had many occasions over the past 2 years to work with Dr. Peter Bourne. We have been together for hours and sometimes days at a time, particularly in factfinding missions and hearings here and abroad. While we have not always agreed on all policies affecting drug abuse, I can state without qualification that Dr. Bourne is a man with a high level of leadership ability and professional skills and one whose devotion to a national drug policy has been unsurpassed. I am indeed sorry that events have deprived all of us of his devotion to excellence and his superlative leadership on the White House drug abuse policy-making staff

Dr. Bourne has testified before our committee on numerous occasions in the past 18 months. At no time did I detect any softness on his part toward drug law enforcement or on the question of appropriate measures to prevent and treat substance abuse. Even in areas where we did not see eye to eye on policy, his positions were well considered, thoughtfully presented, and carefully organized. The Nation will certainly miss the contributions of this exceptional individual, and I wish to take this means

of extending to him my best wishes for the success of his future activities, whatever they might be, and to state that whatever his personal difficulties that led to his resignation, his substantial contributions in the White House will be favorably remembered.●

CONGRESSMAN JAMES SCHEUER ARGUES THAT AIRPORT AND AIRCRAFT NOISE REDUCTION IS A CRITICAL PRIORITY AND THAT FINANCIAL INCENTIVES ARE A VITAL COMPONENT OF NOISE REDUCTION

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of California. Mr. Speaker, we have been furnished a copy of a letter which our colleague, the Honorable JAMES SCHEUER, sent to the Rules Committee concerning H.R. 8729, the Airport and Aircraft Noise Reduction Act, and H.R. 11986, the Ways and Means bill which is proposed as title III of H.R. 8729.

Mr. SCHEUER has done such a masterful job in discussing the points raised about some portions of this proposed legislation that we thought it should be brought to the attention of all Members.

The material follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 26, 1978.

Hon. JAMES J. DELANEY,
Rayburn House Office Building,
Washington, D.C.

DEAR JIM: It is my understanding that the Rules Committee may vote tomorrow on the rule for the companion bills H.R. 8729, the Airport and Aircraft Noise Reduction Act, and H.R. 11986, the Noisy Aircraft Revenue and Credit Act. In any case, a vote will take place in the Rules Committee on this issue within the next week or so. I strongly urge your support of the passage of an open rule for H.R. 8729 and a modified closed rule with only the Pepper amendment for H.R. 11986.

In the past few weeks a great deal of opposition has surfaced against this bill. Arguments have been made that this bill is a ripoff of the taxpayer, a windfall for the airlines which are all showing record profits, and a thoroughly bad precedent to set. This crescendo of opposition climaxed at the Rules Committee hearing last week.

The substance of the arguments of the opponents of this bill was completely misleading. Rather than rehearsing all of the arguments again in this letter, I have prepared a detailed "flow chart" of all of the arguments raised during the Rules Committee hearing and in various dear colleague letters which have circulated over the past month. This document summarizes all of the negative arguments against this bill in the left hand column and then provides answers for every argument in the right hand column.

There is no new information here. I have simply taken the liberty of organizing all of the arguments pro and con in this simple format. It is readily obvious that, on substance alone, the proponents of this bill carry the day easily.

It is important to indicate the particular "constituency" reason why I write this letter. My district includes John F. Kennedy International Airport which everyone agrees has one of the three worst noise problems in the entire United States, along with L.A. International Airport and O'Hare International Airport in Chicago. I pushed very strongly for the new federal noise regulations and I also pushed very strongly for some sort of financing mechanism to help the airlines by providing a small portion of the cost of complying with these retroactive noise regulations placed on hundreds of millions of dollars of existing equipment.

I might point out that there are not, to my knowledge, any Congressmen representing airport communities opposing this bill. Noise reduction is a critical priority for our districts and financing assistance has always been a vital component of noise reduction. In fact, in the very announcement of the so-called retrofit rule in 1976 by then Secretary of Transportation William Coleman, the federal responsibility to formulate, adopt, and implement some financing assistance mechanism was explicity recognized.

I'd appreciate the opportunity to discuss this bill with you in greater detail, or I'd be happy to have my Administrative Assistant, David L. Cohen, sit down with an appropriate member of your staff. I'll be calling you later to chat about this bill.

With every warm best wish,
Yours,

JAMES H. SCHEUER,
Member of Congress.

ASSERTION

Simply reduce the current 8 percent airline ticket taxes by 2 percent. Let the airlines claim whatever they want by fare increases.

ANSWER

After careful study, the Public Works & Transportation and Ways and Means Committees came to the conclusion that in view of the rate regulation imposed by the CAB on domestic carriers and by the CAB and all foreign countries on international carriers, there can be no assurance that airlines would receive the funds necessary to carry out the noise reduction objectives of the bill, and the Committees wanted assurance that this noise reduction program would be completed and completed on time.

ASSERTION

The noise bill is a Treasury raid.

ANSWER

This is not a Treasury raid! The financing proposal permits the airlines to pass through to their customers a portion of the cost of replacing the condemned capacity in the same way that all industries do when required to make expenditures for environmental expenditures.

It is indeed the Treasury which benefits. All funds collected by the carriers which exceed their entitlements remain forever in the Treasury.

ASSERTION

The Noise Bill is a rip-off . . . Why treat the airline industry different from other industries?

ANSWER

Public utilities required to spend money for environmental requirements are monopolies and the public utility commission very promptly adjusts their charges upward in order to cover the expense. The commissions in many cases actually assessed against customers an "environmental surcharge." The airlines are not monopolies and yet their rates are regulated—domestic carriers by the CAB and international carriers by the CAB and the countries into which they fly. There could be no assurance that the airlines could adjust their prices to pay the expenses of noise reduction. The Committee wanted to be sure that the objectives of this legislation were achieved on time. Therefore, a solution was developed to allow a pass-through of the cost to the airline user.

ASSERTION

The bill sets a bad precedent.

ANSWER

If the Government again takes action similar to the noise rule against an industry situated similarly to the airlines, a course of action like the noise financing legislation should be followed.

1. The government condemned almost two-thirds of the entire air transport fleet.

2. The government had specifically approved the airplanes before the airlines bought them.

3. Because of all-pervasive rate regulation, particularly in international service, the airlines would find it difficult to recover their additional costs from their customers as other industries affected by environmental rules can do.

4. No other transport mode has been required to rid itself of existing equipment. In the case of automobiles, buses, trucks and locomotives, the new rules apply only to equipment bought after the effective date of the rules. General Motors would never succeed in using this precedent. No rule has ever been retroactive for automobiles.

5. The capital requirements resulting from the large scale condemnation of existing airplanes are so vast that, without the equity funds provided by the legislation, the condemned capacity could not be replaced in the time allowed.

ASSERTION

It is impractical since it allocates funds without regard to the number of noisy aircraft that must be replaced or modified.

ANSWER

The bill is not impractical. The tax receipts are collected by the airlines and are turned over to the government. In order to secure a return of them, the airline must convince the government that it has made payments for retrofitting, re-engining or replacing his noncomplying aircraft. If, during the life of the program, the carrier collects more than its needs, the excess goes to the trust fund. If the carrier collects too little, it must make up the difference itself. While each airline does not necessarily get the same percentage of their costs, each will benefit substantially. No airline now objects to this disparity of treatment.

ASSERTION

The bill would cover purchases prior to enactment.

ANSWER

Due to the federal mandate which retroactively condemned existing aircraft, the bill was written to cover retrofit, re-engining and replacement undertaken after January 24, 1977, the effective date of the noise regulation. Thus, replacements ordered prior to the enactment of the bill but after the effective date of the noise regulation will be eligible for payments. It was necessary to establish this date in order to encourage carriers to get started replacing the noisy airplanes at the earliest possible time. The many replacements made by the airlines in anticipation of the regulation prior to January 1977 will *not* be covered by the noise bill. The retroactive element affecting this whole problem is the fact that the Government saw fit to impose the noise regulation retroactively so that two-thirds of the air transport fleet previously approved by the Government was condemned.

ASSERTION

It provides an investment credit for money that is given by the government.

ANSWER

As was pointed out by Mr. Gephardt before the Rules Committee, this is not so. The airlines receive the tax credit which is regarded as income to the airline and is taxed as such. The remainder which is invested in a quiet airplane receives the investment tax credit as does the amount furnished directly by the airlines. When the airlines draw down from the noise fund monies from which they have collected from their customers, they must report these monies as fully taxable income. The money at that point would be treated as any other income they would receive for investments from the sale of tickets.

ASSERTION

Airlines would be replacing these pieces of equipment regardless of EPA requirements.

ANSWER

The statement that these transports have just about served out their economic life is questionable. The Government in all of its studies concluded that regulatory action on the part of the Government was necessary in order to make certain that, after a given date, these noisy airplanes would not be used. If they were shortly to become obsolete and retired, there would have been no justification for a retroactive noise rule as was promulgated by the FAA on January 24, 1977.

ASSERTION

Engines are only good six years and would be obsolete by the 1985 compliance deadline.

ANSWER

The statement that engines are good for only six years is simply not true. The life of an air transport engine which is overhauled periodically in accordance with federal regulations is virtually endless. It becomes obsolete only when the aircraft it powers becomes obsolete.

ASSERTION

The financing program should not be made available to assist in the purchase of foreign-made airplanes or engines.

ANSWER

Such a rule would be very destructive of the interest of the U.S. It would invite retaliation by foreign countries since the U.S. has, in the past, built about 90 percent of the world's fleet equipment and hopes to continue to do so. It would be unwise to introduce a Buy American principle in this legislation.

ASSERTION

Why is foreign airline equipment included?

ANSWER

Foreign aircraft are made eligible because the U.S. proposes unilaterally to subject them to the same noise rules that are applicable to U.S. aircraft. Also, if American carriers were required to impose an excise tax on their customers and the foreign carriers were not, passengers and shippers would use foreign-flag carriers. There was no solution to this problem other than to treat foreign aircraft and foreign air carriers the same as Americans.

ASSERTION

The Treasury is unclear in its position.

ANSWER

As Chairman Anderson stated before the Rules Committee "The Treasury Department fully supports Ways & Means H.R. 11986, Title III."

ASSERTION

It is a subsidy to aircraft manufacturers.

ANSWER

The bill is not a subsidy for anyone. The bill sets up an effective machinery by which airlines can pass environmental costs on to their customers. All business and industry required by the government to make expenditures for environmental objectives must make up these costs and the government knows it when the requirements are imposed. It has determined that the environmental improvement is worth the cost.

When the noise rule, which condemned a substantial part of the entire air transport fleet, was passed, it was recognized that airlines would have trouble recovering the cost since airline prices are regulated. In domestic operations, they are regulated by the U.S. Government and in international operations, they are subject to regulation by every government into which the airline flies. There was no way that the airlines could be sure of securing compensation for the costs the government has imposed upon them from their customers or anyone else.

ASSERTION

The airlines pay no interest on government monies taken from the Fund.

ANSWER

No government monies are involved. In the interest of noise reduction, we are trying to provide a measure of assistance to the airlines in replacing condemned planes. If these funds carried a 10 percent interest charge, the airlines would not effectively be helped.

It is also contrary to the concepts on which the bill is based. The committees decided that the financing program would be based on excise taxes on airline customers similar to price increases which support environmental costs in other industries.

ASSERTION

There is no justification for giving the owners or operators of aircraft financial assistance or tax credit for replacing their equipment which will be totally depreciated and probably out of use by January 1, 1985.

ANSWER

Government studies made prior to the issuance of the regulation demonstrated that many of the 707s and DC 8s and most of the two and three engine airplanes would remain in service after January 1, 1985. It is for this reason that they decided to adopt a regulation which would condemn them on that date. If these studies had not demonstrated this fact, there would have been no justification for passing the noise regulation at all. Thus, a collection of tax from the passenger to meet this mandate was proposed. Hardly a subsidy.

ASSERTION

There have been only three domestic aircraft types that have been certified since 1969. That is the 747, the L1011 and DC 10 and everyone of them meet FAR 36. They will not require any modification; types that have been manufactured since January 1974 have been made to meet FAR 36, etc.

ANSWER

While these are the only new airframe types, the original 747 engines were not in compliance with Federal noise regulations.

ASSERTION

Two airlines have no needs whatsoever . . . Northwest and Delta.

ANSWER

Northwest and Delta do have needs. A portion of their capacity was condemned as in the case of other airlines and the records will show that Northwest was the first to propose a noise surcharge.

If any airline's needs are small, it will receive correspondingly smaller tax credits with the balance of their tax collections being retained by the Trust Fund.

ASSERTION

Airlines are placing large aircraft orders without a noise bill.

ANSWER

Airlines have indeed been making orders for new airplanes. They must do so if they expect to be able to replace the capacity which must be phased out of their systems by January 1, 1985. Fleets of aircraft cannot be bought off the shelf. Much time is taken in their design, construction, testing, delivery, training, maintenance and the like. In addition, the replacement of the condemned airplanes only brings them up to the point where they are now in terms of capacity. They must acquire additional capacity for the growth they anticipate between now and 1985. The objective here is noise reduction. If any airline were to reach January 1, 1985 without having completed replacement, pressure on its system to continue the noisy airplanes would be great and our efforts at noise reduction would be frustrated.

ASSERTION

Regulatory Reform should be considered before noise legislation.

ANSWER

Action on these bills should not be deferred. Under heavy pressure from airport neighbors all over the country, the government has been trying for many years to work out a well-defined and effective noise reduction program. The Public Works and Transportation and the Ways and Means Committees have developed such a program and it must move forward as rapidly as possible. Deregulation of airlines is important and must go forward a'so, but there is no doubt that airport neighbors would say that the noise bills take priority over deregulation.

ASSERTION

The banks will be the major benefactor of the legislation.

ANSWER

The reference here is to transport airplanes on lease from banks and other lending institutions. Only the air carrier can get a tax credit—the operator of the airplane. If a carrier can do so, it will return the leased airplane to the bank, but if it needs the airplane, it must retrofit the aircraft itself. The banks get nothing from this.

ASSERTION

Dr. Kahn testified before the Senate that he saw no reason why the air carriers could not handle this in the normal course of their business.

ANSWER

Dr. Kahn did testify to that effect before the Senate Committee but also recognized that he might well be wrong. He said that the Congress should determine whether the airlines needed help here or not and expressed his preference for the bills before the Rules Committee over any other proposals.

ASSERTION

The lessor airline would not return the leased airplane to the banks without retrofitting it because the lease required it to be "air worthy" when returned.

ANSWER

This is not so—"air worthy" is a term of art and means that the airplane is safe to fly. It would be safe to fly even though too noisy.

ASSERTION

There is no monitoring device for the Noise Fund.

ANSWER

The release of these funds would be severely monitored before an airline can receive a tax credit. It must demonstrate to the Transportation Department that it is entitled to it under the terms of the bill and

the Transportation Department must certify this to the Treasury. An effort was made in the Ways and Means Committee to impose a GAO audit on top of this. The proposal was soundly defeated since it is the GAO's normal responsibility to audit the expenditures of all Government agencies.

ASSERTION

It is inflationary.

ANSWER

The bill is not inflationary! . . . the 2 percent noise charge is accompanied by a reduction in the existing 8 percent ticket tax to 6 percent so that the fare to the public for domestic air transportation is not affected. This was possible because the Trust Fund was developing a huge surplus.

ASSERTION

Since the airlines are now prospering, no special financing method is needed.

ANSWER

The airlines are doing well this year and did well in 1976 and 1977, but their record of earnings is made to look particularly good because of their poor earnings in previous years. For the past five years, airline profits have been 4.3 percent on invested capital. U.S. industry as a whole made 9.7 percent, more than double the airline return. For the same period, U.S. industry has had a profit margin of 4.5 percent while the airlines have had 2. The airlines must compete with U.S. industry as a whole for capital funds which, according to current reports, are becoming scarcer and scarcer. It is possible that if Title III were not passed the airlines would, over some period of time, finance the replacement of the condemned capacity but the Public Works and Transportation Committee was not prepared to gamble on this. They wanted to get the noisy airplanes out of the fleet in the time allowed.●

CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

Mr. DERWINSKI. Mr. Speaker, the Captive Nations Week rally, held in Taipei, Taiwan, Republic of China, was highlighted by a series of proclamations and messages, one of which was addressed to U.S. Senators and Congressmen. This message reflects the spiritual support of freedom extended by the Captive Nations Week in the Republic of China. I am pleased to insert it into the RECORD at this time:

MESSAGE TO U.S. SENATORS AND CONGRESSMEN FROM THE 1978 CAPTIVE NATIONS WEEK EVENING RALLY OF THE REPUBLIC OF CHINA

Taipei, Saturday, July 22, 1978.

Honorable SENATORS AND REPRESENTATIVES:

Advancing "Promote Human Rights! Liberate Enslaved Peoples!" as our theme, we the more than 50,000 representatives of the Republic of China's various circles and our freedom-fighter guests from the world's five regions have assembled in Taipei on this 22nd day of July for a "Strive in Unity" Rally to mark the 1978 Captive Nations Week and resolved to respectfully call your attention to the following points:

1. The United States must squarely face the cruel fact that more than one billion people are kept enslaved by the Communists behind the Iron Curtain, and that unless these people are restored to freedom, the freedom and human rights of those who are now free cannot be definitely assured. The U.S. therefore must discard any double standard as she advances the human rights campaign and strives with strength to support the captive peoples' fight for freedom and human rights.

2. Our request to the U.S. Government is earnest that it review its Asian policy, understand that attempts to pit Peiping—a potential enemy of the U.S.—against Moscow will play America into that regime's hand and spur Russian steps that may heighten tension to a point of no return where open U.S.-USSR hostilities are unavoidable.

3. We also would like the U.S. to see that she and the Chinese Communist regime has absolutely nothing that can be termed as "common interest," that America must guard against Peiping's trade offers in exchange of advanced know-how and military facilities, and that nothing whatsoever should be done to harm America's national security or her interest in Asia.

4. We furthermore request all Americans to see that if the U.S. and the Republic of China stick together, both will benefit; if they are separated, both will suffer. We therefore sincerely hope that the U.S. will abide by her treaty obligations and defense commitments for the ROC so as to safeguard the common security of the entire Asian-Pacific region.

5. The Chinese Communist regime appears to be bending its knees for favors from the U.S. but this is part of that regime's united front scheme to tear America apart from the ROC. We therefore earnestly hope that the U.S. Government will, instead of moving towards "normalization of relations" with the Chinese Communists, strive harder with the ROC for the checking of the Moscow-Peiping expansionist race in the Asian-Pacific region so as to protect America's long-range interest in this region as well as the peace and security of free Asian-Pacific countries.

We the rally participants ardently request that all of you distinguished Senators and Representatives together urge your Government to give full play to righteous spirit and moral courage so that the objective of the "Captive Nations Week" Movement can be fully attained. We pray that America will, with renewed dedication, contribute importantly through efforts to create a human society of freedom—free from enslavement and encroachment.

Respectfully yours,

1978 CAPTIVE NATIONS WEEK "STRIVE IN UNITY" EVENING RALLY OF THE REPUBLIC OF CHINA.●

PERSONAL EXPLANATION

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mrs. LLOYD of Tennessee. Mr. Speaker, I was not present for certain votes on August 3 and 4 and as a result did not vote on rollcall votes No. 645 through No. 649. If I had been present I would have voted in the following manner:

Rollcall vote No. 645—"Aye."

Rollcall vote No. 646—"Aye."

Rollcall vote No. 647—"Aye."

Rollcall vote No. 648—"Aye."

Rollcall vote No. 649—"Yes."●

WHEN THE GRASS SMOKING IS IN THE WHITE HOUSE, A DIFFERENT AROMA ARISES

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

[From the New York Times, July 27, 1978]

ADMINISTRATION BUNGLED BOURNE CASE BY TOO MUCH DILLYDALLYING

(By Mary McGrory)

WASHINGTON.—From overdraft to overdose, the Carter Administration personnel problem remains the same: delayed reaction.

Jimmy Carter kept Bert Lance around for three months, at least six weeks beyond any rational hope of survival. With Dr. Peter G. Bourne, his drug adviser, the time between revelation and resignation was only 40 hours, but it was also too long.

From the moment a front-page story appeared in a midnight edition of the Washington Post on Tuesday, July 18, recounting how Bourne had penned a prescription for a fictitious Sarah Brown for a sedative so powerful it sets off alarm bells in drugstores, the jig was up.

Everyone, except those whose job is to decide how things look to the country, knew it. Jody Powell had heard the story in Bonn, six days before, and did nothing. Bourne, understandably, 36 hours later, thought he could beat the rap.

On Wednesday morning at 10 o'clock he was ready with a statement and a game plan, based on a strategy of his own devising. He would go on leave with pay. Why he, the central figure in what appeared to be the first drug bust in White House history, should be deciding his own course is not clear.

The President took only a passive part in the crisis. He never saw his dear friend, Bourne. Through a third party, Bourne submitted his strategy to Carter; through a third party, the President okayed it.

Powell was too busy with "urgent business" until 6 p.m. Wednesday to review Bourne's portfolio. A turbulent briefing on the situation took place two hours later.

The next day's papers had further explanations from Bourne. He appeared on the morning news shows, avowing his innocense and his intention to stay on. At noon he gave an interview, declaring that he had saved the President from Lance-like embarrassment and anticipating that Carter would say at his prime-time television conference later that evening: "I support him."

Instead, four hours later, he resigned. It was apparent that if Carter could not bring himself to fire Peter Bourne, Jack Anderson could. The veteran columnist had, he alleged, affidavits attesting to Bourne's own drug use.

Bourne went out unexpectedly like Spiro Agnew, lashing out at press and prosecutors. He was, he indicated, laying down his official life for a friend—a friend to whom he delivered a parting blow from which Jimmy Carter may never recover.

In the first moments after his letter had been delivered to the White House, Bourne told James Wooten of the New York Times

that he was leaving behind marijuana and cocaine users in the White House. Was he still in shock from what the Carter staff likes to think of as "quick, clean surgery"? Or maybe he was being his usual artless and confiding self with the press. He is not vindictive. Maybe he felt betrayed because he had been encouraged in his fantasy of staying on and was musing aloud about the unfairness of it all from his point of view.

The next night, through one of those mischances which are the hallmark of this episode, President Carter, seeking down-home relaxation at a country-and-western concert, was set upon by a correspondent who is also a crusader for marijuana legalization. Without identifying himself, the bearded stranger engaged the President in a dialogue about the unfortunate events so recently transpired.

The President said he was sure that many people—whether he meant in the White House or in the country is a point in dispute—smoked, but that he was "not going to ask them about it."

It reflects further on the rampant incompetence of the White House that neither congressional liaison chief Frank Moore nor the attendant Secret Service men moved to break up this fateful rap.

But when Jody Powell heard that it was about to be printed, he reacted in a way that revealed another weakness in the presidential circle—its ignorance of history.

The press was engaged in a witch hunt. They were hypocrites. They had smoked and snorted with the staff members they proposed to investigate.

It was a variation of the John Ehrlichman defense. Ehrlichman accused the press of hypocrisy for failing to report the staggerings of drunken congressmen who were presuming to pass judgment on Richard M. Nixon.

The missed point is the same in both cases. There is only one President, and only one White House staff. Middle America is not ready for a "turned-on" White House any more than it was ready for a "Sarah Brown" prescription.

It may well be true, as Powell indicated, that the press corps has its dopers. But they are not running the country. That is the difference.

Jimmy Carter understands it. At least, he issued a "keep-off-the-grass" directive to his staff members Monday. It was delivered by Hamilton Jordan, who has resolutely refused to change his life-style for the Executive Mansion, declining even to put on a tie for Carter.

They were being told something that they should have heard a long time ago, that the gypsy life of the campaign, which is the only thing many of them ever knew, is over. Jimmy Carter, in full view of the country, had to tell them they are in the White House now. That's what happens to a President who does not have the knack for hiring—or for firing, either.

[From the New York Times, July 27, 1978]

COKE IS NOT A HARD DRUG? SINCE WHEN? IT POSES SPECIAL CHALLENGE FOR NEWSMEN

(By Patrick Oster)

WASHINGTON.—Since the news broke that Dr. Peter G. Bourne was supplying drug prescriptions to members of the White House staff, the primary topic among the press corps has been about who on the President's staff smokes or snorts what.

Some talk is more informed than the rest because of a fact that some members of the public might find peculiar: Many reporters who cover the White House have tried or used drugs themselves, sometimes socially with members of the White House staff.

This makes them uneasy about disclosing staff drug use, as Chicago Sun-Times interviews with reporters showed. Some said they'd feel more than mildly hypocritical about putting public heat on White House staffers for activities they themselves condone or engage in.

Others said they regard drug use, which in this case involves marijuana and cocaine rather than hard drugs, as a private matter, not a newsworthy event. That holds true, some maintain, even though such use is a violation of the law, a law some regard as unwise.

Still others, perhaps fearing reprisals from named staffers, wondered aloud whether their own jobs might be jeopardized if their drug use was made known.

In effect, the reporters who could write the most authoritative account of White House drug habits are engaging in a cover-up of a story that undoubtedly would disturb many Americans, not to mention Jimmy Carter himself.

This hesitancy to divulge names extends to this reporter, who, though not a marijuana or cocaine user, learned with certainty and not too much difficulty the names of White House staffers, including at least two on the senior staff, who have been marijuana users.

Other reporters, notably James Wooten of the New York Times, also have done some digging, but some turned up merely numbers of users, not names.

(Bourne, the President's resigned chief health adviser, engaged in a little hedging himself, telling Wooten that there was a "high incidence" of marijuana use among White House staff and "occasional" use of cocaine by "a few" presidential employes.)

Though not mandated by White House policy, disclosure of staffers' names would almost surely mean their dismissal. And under the circumstances, many reporters find themselves (this one included) wondering whether such a story is justified.

Perhaps the situation would be different if one staff member, on the record, named another as a user. But as it stands, the concerns of privacy, the potential for ruining a person's career and, to a lesser extent, the questionable wisdom of federal and state drug laws, all pressure for discretion—censorship, if you will—weigh against such disclosures, despite what many reporters regard as the unwavering credo of journalism: The people have a right to know.

Ignoring this story, however, may not be up to this reporter or reporters who have shared a joint with this staffer or snorted coke with that official.

Other reporters, including some from High Times magazine, an unorthodox organ of the drug-users' community, are pursuing the story, some perhaps intent on showing that use of recreational drugs is as American as apple pie.

If stories emerge on White House drug use, Carter will face a political crisis perhaps equal to the debacle that came after disclosures about Bert Lance's banking practices.

Figures on recreational drug use among Americans show about 25 million have tried marijuana at least once, and about 10 million are regular users. And support for decriminalization of "grass" and other soft drugs is growing. (Carter himself favors marijuana decriminalization, an idea that has caught on in about 10 states.)

But sentiment among voters remains strong against recreational drugs, particularly cocaine, largely because it violates the law. The strait-laced Carter, a born-again Christian, shares this hard view, having told senior staffers Monday that future drug use would be grounds for dismissal (while sidestepping what he'd do about past use).

Carter and his top aides clearly have been unnerved by the Bourne episode and its aftermath and are hoping that the land mine of further disclosures will not blow up in their faces.

That hope seems a thin one, however, given the press and congressional interest in the topic.

When staffers' names are disclosed, Carter's moral outrage and tough talk about firing may prove of no avail. And the beleaguered President, increasingly accused of incompetence may find himself trying to persuade the American public that he is not a bumbling John Calvin among the hippies.●

CAPITAL GAINS CHANGES TO BENEFIT HOMEOWNERS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ARCHER. Mr. Speaker, I would like to call to the attention of my colleagues in the House of Representatives an article by Associated Press Writer Louise Cook which appeared in the July 29 edition of the Houston Post. It very clearly illustrates the importance of two changes in the treatment of capital gains in the Revenue Act of 1978 which would be of great benefit to homeowners, changes which deserve the support of all of us when this bill comes to the floor in the near future.

PROPOSAL OVER CAPITAL GAINS TAXES PROVIDES KEY TO LOCKED-IN HOUSING

(By Louise Cook)

Mary and Edward Burke are in their late 50s. They would like to leave the three-bedroom home they own for an apartment, but they can't afford to sell.

Burke is a made-up name; the problem is all too real.

It is a problem that causes people to accumulate huge, but artificial, profits during years of home ownership. Profits that are created by inflation that are still subject to capital gains taxes that can wipe out a large portion of a family's retirement nest egg.

Just as young couples find it tough to buy their first house, older people find it tough to sell their last one. "It's hard to get on the train and it's hard to get off," said Kenneth J. Thygerson, an economist with the U.S. League of Savings Associations.

The elderly in particular, he said, "feel locked in. They consume more housing than they want to."

Congress is trying to find a key to the lock. One potential solution is included in the $16.2 billion tax cut bill approved by the House Ways and Means Committee and expected to reach the floor of the House during the week of Aug. 7.

The bill includes two provisions that would have the effect of eliminating capital gains taxes on the sale of a home in many cases. One provision would allow individuals—on a one-time only basis—to exempt from capital gains tax up to $100,000 of the profit from the sale of their principal residence as long as they had lived in it for two years. Another section of the bill exempts from taxation any inflation-caused increase in the value of a home or other asset starting in 1980.

No one knows how many people move into a house, pay off the mortgage and remain, without ever selling their home and facing

the capital gains problem. Census Bureau figures show that on the average, houses change hands every 10 to 12 years. One mortgage is exchanged for another. Mobility is greater in California and lower in New England.

Housing, said Thygerson, is "the only asset most people have that has risen faster than inflation." If you bought a house for $25,000 five years ago and sell it for $50,000 today, you have a theoretical profit of $25,000. You'll probably have to use up that profit—and more—to buy a replacement home, but, "If you hadn't had that house in the first place, you'd have been even worse off," Thygerson said.

"Once you're in a house you benefit by inflation," said Thygerson. The disadvantages become more apparent when you want to sell your home and buy a cheaper one or move into rental housing. That's where capital gains come in.

Under present law, payment of capital gains tax on profits from the sale of a home is deferred as long as you buy a replacement residence within 18 months that costs as much or more than the house you sell. The tax is only postponed; it is not forgiven. Any gain not taxed in the year you sell your old home is subtracted from the cost of your new house to determine what's known as the basis price used in later transactions.

Here's how it works:

You buy a house for $20,000 and, 10 years later, sell it for $40,000. Capital gain: $20,000.

With the proceeds from the sale of the first house you buy a second one, this time paying $50,000. The basis price of your new home for the purpose of capital gains will be $30,000—the actual purchase price minus the earlier capital gain. Fifteen years later, you sell the second house for $100,000. Capital gain: $70,000.

You rent an apartment and now it's time to pay the taxes. You must report $35,000 or half the capital gain on your return and pay tax according to your regular bracket. If you were in a 40 percent bracket, the capital gains tax on the $35,000 would be $14,000. The other half of the capital gain, minus a $10,000 exemption, is subject to a minimum tax of 15 percent. In this example, the minimum tax would be $3,750. Total tax: $17,750.

(If you are over 65, you are not subject to tax on the first $35,000 of your capital gain. Half of the other $35,000—$17,500—would be reported as regular income and half, minus the $10,000 exemption, would be subject to the minimum tax. In the above example, that would mean your tax bill would be $8,125.)

If the proposal passed by the House panel becomes law, you would face no tax on your profit since it comes within the $100,000 limit.

Suppose, however, you sell your second house for $150,000. Your total capital gain would be $120,000—$20,000 from the first house and $100,000 from the second house. If the sale took place today, you would face taxes on a capital gain of $20,000. If it took place after 1980, the inflation-adjustment provision would come into play. That provision allows you to adjust the basis price used for capital gains to reflect increases in the Consumer Price Index.●

CZECHOSLOVAKIA ANNIVERSARY

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. MOTTL. Mr. Speaker, on August 21, 1968, troops from the Soviet Union and from four other Warsaw Pact countries invaded Czechoslovakia. The peaceful and freedom-loving Czech's hope for a society free from heavy restriction and repression came to an abrupt halt.

Under the leadership of Alexander Dubcek change was occurring in Czechoslovakia. Dubcek undertook a program that expanded the rights of the Czechoslovakian people; controls over the press were relaxed and public rallies were held at which young people spoke their minds freely. All of this progress was ended by the Soviet invasion.

The indignation of Czechoslovak citizens aroused by the Soviet occupation as well as by sadistic methods of oppression, including incarceration and other violations of human rights, gave birth to a daring document—the Charter (Charta) 77. This document demands that Czechoslovakia meet its obligations as a signatory of the Helsinki accord.

The continued Soviet occupation denies its national sovereignity and the right of her people to self-determination. On this, the 10th anniversary of the invasion, a day being commemorated in Czechoslovakia as a Day of Soviet Shame, I urge all friends of Czechoslovakia to support them in their efforts to achieve the withdrawal of Soviet troops from Czechoslovakia.●

JUNIOR RESERVE OFFICERS' TRAINING CORPS

HON. RICHARD C. WHITE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WHITE. Mr. Speaker, H.R. 7161 will alter the eligibility requirements for the Junior Reserve Officers' Training Corps program to permit nationals, as well as citizens, to participate.

In effect, H.R. 7161 will permit residents of American Samoa to be eligible for the Junior ROTC program. Section 2031 of title 10 U.S.C., now refers only to citizens as eligible for enrollment in the Junior ROTC program. Persons born in American Samoa are considered "nationals" not "citizens" of the United States. Only residents of American Samoa and nearby Swains Island fall into the category of "nationals."

American Samoa is an outlying possession of the United States whose residents have made valuable contributions to the defense of the United States in every conflict since 1900. Although the population of American Samoa is only 29,000, last year Samoans enlisted in the Armed Forces at a rate three times that of American citizens.

To illustrate the feeling that Samoans have toward this country, let me quote briefly from the statement of Mr. A. P. Lutali, the Delegate-at-Large from American Samoa who appeared before the Committee on Armed Services:

If we could get a Junior R.O.T.C. program underway in American Samoa . . . this would be one small way in which we as a people could demonstrate our gratitude and our commitment to the government that has done so much for us.

The Departments of Defense and Interior strongly endorse this bill and it was approved unanimously by the committee, a quorum being present.

I urge passage of H.R. 7161.●

A PERSPECTIVE ON AMERICAN FARM DEVELOPMENT

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. BROWN of California. Mr. Speaker, a recent article in the Los Angeles Times by Patricia Flynn entitled "Look What's Coming for Dinner, America," discussing the ill effects of agribusiness in the Third World, has prompted me once again to remind my colleagues in Congress of the necessity of preserving and reinforcing small family farms. One of our greatest Founding Fathers, Thomas Jefferson, envisioned an America of small farmers fiercely protective of their freedom and democracy. The rural community of small family farms was seen as the ideal society toward which our Nation should strive. We of today's America have unfortunately moved far away from this vision, and yet it is still not too late for us to reverse our tragic historical trend. The Family Farm Development Act of 1978, of which I am a sponsor, is an important first step in this direction. I believe that if we act quickly and surely today we may yet reach the vision for which our great Republic was founded. I want to first give a short discussion of the changes in agriculture since Jefferson's day and their consequences.

America once was a land of farmers. For 95 percent of the 1790 population was engaged in agricultural production. This situation drastically changed, though, with the coming of the industrial revolution. The cotton gin, grain harvester, tractor, and other devices greatly increased the productivity of agriculture. Whereas a farmer in 1820 could, on the average, supply 4.1 other persons with food, a similar farmer in 1945 could supply 14.6 people, and 45.3 people in 1969. This increase in productivity, though, had several negative side effects. The large farm and plantation owners found they could do without many of their tenant farmers, sharecroppers, and agricultural workers. Marginal independent farmers could not afford the new capital equipment, were not offered loans, and were not taught new farming techniques. The Farm Bureau began with a program of only sharing their information and research with the already wealthy farmers.

The marginal farm could not, then, remain cost competitive with the large, more industrialized, farm. The steadily increasing cost of living and the higher

taxes necessitated greater and greater returns to farmers on the sale of their products just for them to stay even. A farmer increasingly was forced to turn to cash crops to survive. Most farmers still could manage, when times were best. Bad seasons came, though, and more and more farmers were thrown into bankruptcy and off their land. The displaced rural people had few, if any, employable skills outside of agriculture. They filled the ghettos of our cities as unskilled laborers and welfare recipients. The increased competition for low paid jobs further depressed wages and divided workers into competing factions often based on race and ethnicity.

I admit that many of the farmers who were forced off their lands were not well to do in the first place and did not lose a great deal materially by their move to the cities. Indeed, some may argue they have become relatively better off since hunger, disease, and exposure no longer play such a prominent role in their lives. I can see other areas, though, where the displaced farmers were formerly rich and are now exceedingly poor. The sense of family and community that once so dominated rural life has all but disappeared.

The independence of the small farmers has been replaced by submission, exploitation, and control. Small farmers have hard lives often, but immensly rewarding ones. They have close contact with nature and creative work. Their talents, indeed, create an essential product of life. Unskilled laborers cannot usually see the importance of their work. They may simply be part of a machine, an interchangable cog in a wheel. A strong sense of alienation sets in, and its symptoms are increased crime, drug use, apathy, and so forth. Don Dillman and Kenneth Tremblay, Jr., found in their study "The Quality of Life in Rural America" that people in rural settings were much more happy and satisfied with their life than those who lived in the cities.

This was true even though the rural areas fell behind in income, education, health, and cultural activities. The necessary conclusion is that a rural life provides an overwhelming amount of intangible advantages, such as clean air, warm communities, outdoor recreation, and the like. More and more people are leaving the cities in recent years and returning back to the country. It remains to be seen, though, if this trend can continue in the face of modern agricultural techniques.

Paul Alexander presented a fine case study in his work "Innovation in a Cultural Vacuum: The Mechanization of Sri Lanka Fisheries." Prior to mechanization, the public generally consisted of middle-class fishers. The boats and other equipment were divided into shares and the catches were sorted out according to the number of shares a fisher owned. Then in 1958 the government introduced modern mechanized fishing boats. Most Sri Lanka fishers, though, could not afford their high cost. A government loan scheme was flawed and proved inadequate. The new boats had relatively short operating lives and needed constant costly repairs. Thus a fisher needed a high capital inflow, to maintain the new boats. Most small fishers did not have large enough catches to bring in this much money. While the mechanized boats accomplished the initial goal of increasing fish production, they did so only at the cost of the small fishers.

The total income of the fishing communities greatly increased, but the income distribution drastically changed. Unemployment soared as the middle class was squeezed out of the fishing market. The industry became dominated by a handful of wealthy families. The workers no longer held shares in their equipment and received minimum wages rather than parts of the catch. The result of the mechanization of Sri Lanka fisheries, thus, was the destruction of the old way of life and the polarization of that society into extreme income groups. The parallels with American agriculture are startling.

Walter R. Goldschmidt examined two central California farming communities back in 1946 and presented his famous study. "Small Business and the Community." He studied the agribusiness town of Arvin and the small farm community of Dinuba. I would like to include a summary of his finding, as described in the 1968 Corporate Farm Hearings before the Select Small Business Subcommittee on Monopoly.

The summary follows:

SUMMARY OF FINDINGS

Certain conclusions are particularly significant to the small businessman, and to an understanding of the importance of his place in a community. Not only does the small farm itself constitute small business, but it supports flourishing small commercial business.

Analysis of the business conditions in the communities of Arvin and Dinuba shows that—

(1) The small farm community supported 62 separate business establishments, to but 35 in the large-farm community; a ratio in favor of the small-farm community of nearly 2:1.

(2) The volume of retail trade in the small-farm community during the 12-month period analyzed was $4,383,000 as against only $2,535,000 in the large-farm community. Retail trade in the small-farm community was greater by 61 percent.

(3) The expenditure for household supplies and building equipment was over three times as great in the small-farm community as it was in the large farm community.

The investigation disclosed other vast differences in the economic and social life of the two communities, and affords strong support for the belief that small farms provide the basis for a richer community life and a greater sum of those values for which America stands, than do industrialized farms of the usual type.

It was found that—

(4) The small farm supports in the local community a large number of people per dollar volume of agricultural production than an area devoted to larger-scale enterprises, a difference in its favor of about 20 percent.

(5) Notwithstanding their greater numbers, people in the small-farm community have a better average standard of living than those living in the community of large-scale farms.

(6) Over one-half of the breadwinners in the small-farm community are independently employed businessmen, persons in white-collar employment, or farmers; in the large-farm community the proportion is less than one-fifth.

(7) Less than one-third of the breadwinners in the small-farm community are agricultural wage laborers (characteristically landless, and with low and insecure income) while the proportion of persons in this position reaches the astonishing figure of nearly two-thirds of all persons gainfully employed in the large-farm community.

(8) Physical facilities for community living—paved streets, sidewalks, garbage disposal, sewage disposal, and oher public services—are far greater in the small-farm community; indeed, in the industrial-farm community some of these facilities are entirely wanting.

(9) Schools are more plentiful and offer broader services in the small-farm community, which is provided with four elementary schools and one high school; the large-farm community has but a single elementary school.

(10) The small-farm community is provided with three parks for recreation; the large-farm community has a single playground, loaned by a corporation.

(11) The small-farm town has more than twice the number of organizaions for civic improvement and social recreation than its large-farm counterpart.

(12) Provision for public recreation centers, Boy Scout troops, and similar facilities for enriching the lives of the inhabitants is proportioned in the two communities in the same general way, favoring the small farm community.

(13) The small-farm community supports two newspapers, each with many times the news space carried in the single paper of the industrialized-farm community.

(14) Churches bear the ratio of 2:1 between the communities, with the greater number of churches and churchgoers in the small-farm community.

(15) Facilities for making decisions on community welfare through local popular elections are available to people in the small-farm community; in the large-farm community such decisions are in the hands of officials of the county.

These differences are sufficiently great in number and degree to affirm the thesis that small farms bear a very important relation to the character of American rural society. It must be realized that the two communities of Arvin and Dinuba were carefully selected to reflect the difference in size of enterprise, and not extraneous factors. The agricultural production in the two communities was virtually the same in volume—2½ million dollars per annum in each—so that the resource base was strictly comparable. Both communities produce specialized crops of high value and high cost of production, utilizing irrigation and large bodies of special harvest labor. The two communities are in the same climate zone, about equidistant from small cities and major urban centers, similarly served by highways and railroads, and without any significant advantages from nonagricultural resources or from manufacturing or processing. The reported differences in the communities may properly be assigned confidently and overwhelmingly to the scale-of-farming factor.

The reasons seem clear. The small-farm community is a population of middle-class persons with a high degree of stability in income and tenure, and a strong economic and social interest in their community. Differences in wealth among them are not great, and the people generally associate together in those organizations which serve the community. Where farms are large, on the other hand, the population consists of relatively few persons with economic stability, and of large numbers whose only tie to the community is their uncertain and relatively low-income job. Differences in wealth are great

among members of this community, and social contacts between them are rare.

Indeed, even the operators of large-scale farms frequently are absentees; and if they do live in Arvin, they as often seek their recreation in the nearby city. Their interest in the social life of the community is hardly greater than that of the laborer whose tenure is transitory. Even the businessmen of the large-farm community frequently express their own feelings of impermanence; and their financial investment in the community, kept usually at a minimum reflects the same view. Attitudes such as these are not conducive to stability and the rich kind of rural community life which is properly associated with the traditional family farm.

Mr. Speaker, agricultural experts today have stated that this comparison still holds true, though family farming communities are on the decline.

Victor Stoltzfus studied the effects of modern agricultural techniques on the Amish communities of America. He found here that unlike most areas technical innovations were introduced only after careful consideration of all effects. The people were not backward or archaic in their beliefs, but only conservative and watchful for the full social costs of "progress." A "harmonious balance among God, nature, family and community was the goal" of their society. In this day of environmental concerns and calls for appropriate technology, the Amish culture stands as an example to be emulated. In brief, the Amish did not regard technological innovation as an end in itself. Their core culture of religiously reinforced family and community values was safeguarded against the social costs of changes which in their estimation did more harm than good to the community as a whole.

High land values and increased taxes have forced many Amish to introduce specialized cash crops. The high prices of land and modern capital equipment have forced many farmers to seek financial support outside their communities in commercial credit institutions. The start-up costs of an Amish farm have increased about 10 years ago to $8,000 to $10,000 now. While commercial credit has exposed the communities to outside influence, which was previously thought undesirable, it does provide young Amish the opportunity to continue farming when they might not otherwise be able. Stoltzfus did not find a single case of an Amish farmer not paying a loan. Family and friends always come to the aid of a distressed farmer. The Amish are under some financial strain these days, but they are still holding their own. Stoltzfus found 88 savings accounts of some $2.4 million in 1964 to have increased to $4 million in 1971. The Amish example is in stark contrast to that in Sri Lanka. The Amish ability to maintain a small family agricultural community in the face of all modern pressures is an example for all remaining American family farm communities.

The number of Americans involved in farming dropped from 14 percent in 1945 to only 4.4 percent today. Increased mechanization without the consideration of social costs continues to force small farmers out of business. Technical progress can be made in agriculture, but it should be designed to aid small farmers rather than hurt them. Further industrialization of farming will end the traditional family farm life. Agriculture will be controlled by a few wealthy groups who are involved in the practice only for the money. The agricultural workers will completely become wage earners divided and segmentized as are other workers in our society. Income distribution will polarize and unemployed small farmers will further fill our cities' ghettos.

Many agricultural experts feel that large-scale farming will eventually destroy itself. Artificial pesticide and fertilizer are steadily depleting the fertility of our soils and are injurious to the public health. The environment will continue to be sacrificed to profit and crops will suffer from the pollution. The separation of decisionmakers from the land will lead to increased price instability. The large numbers of managers necessary will bring great inefficiency into the field. Agriculture in the Soviet Union is an example of what large-scale farming will bring. Their system has developed tremendous problems over the years and generally proved disastrous. They have often reached crises requiring the importation of huge quantities of food just to maintain their own population. America is following a path to a similar style of agriculture, but if our food system flounders there may be no one left to keep us from starving.

Patricia Flynn's description of what agribusiness is doing to the Third World serves as a forewarning of what the future of American agriculture will be like if we do not stop the decline of small family farms. Ms. Flynn has shown us what large-scale farming without appropriate technology can do. It is up to us to stop and reverse this trend. Passing the Family Farm Development Act will help. I would now like to insert a copy of Ms. Flynn's article from the July 16, 1978, Los Angeles Times into this RECORD.

U.S. AGRIBUSINESS IS DEVOURING THE THIRD WORLD

(By Patricia Flynn)

They cost 69 cents a pound here now, and no decent tossed salad would be seen without one—particularly at this time of year. But unfortunately, those ripe, red tomatoes have come to represent something more than a shot of vitamin C and a splash of color in a bowl of leafy greens.

During the summer months, of course, most of the tomatoes piled in colorful pyramids in California supermarkets are grown in the United States. But over the past few years, growing affluence and aggressive agricultural marketing in America—and, increasingly, in Western Europe—have created a year-round demand for fruits and vegetables that were formerly seasonal produce.

To satisfy the developed nations' profitable demand, American agribusiness has undertaken an unprecedented expansion of its activities in the Third World. There, the U.S. corporations and local investors have found not only cheap labor and a physical climate hospitable to their mechanized agriculture, but also governments eager for modernized farming and the vital foreign exchange it can bring.

As a result, a growing number of Third World countries have become significant raisers of food for export, while their own people suffer severe food shortages. Ironically, this development is being encouraged by the very international organizations that have been charged with waging the war against global hunger. Last month, for example, the U.N. World Food Council met in Mexico City to discuss the food situation. Its information was grim.

43 countries now suffer acute food shortages.

455 million of the world's people are malnourished (an increase of 55 million during the past eight years);

One-third of the world's children die of malnutrition and related diseases before the age of five.

How did the delegates respond to these statistics? Unfortunately, while they considered other suggestions, they joined the World Bank and the U.S. Agency for International Development in calling on the developed nations to make a larger public and private investment in the mechanization and modernization of Third World agriculture.

Apparently, these international agencies still believe that such investment can strike a significant blow at world hunger. But as Latin America's recent experience so clearly demonstrates, nothing could be further from the truth.

In one country after another—Mexico, Brazil, Guatemala, Columbia—agriculture is being modernized at unprecedented rates. Nevertheless, the statistics on hunger and malnutrition in Latin America look worse every year. Today, one in five Latin Americans suffers from severe malnutrition; in Brazil alone, 44 million are malnourished.

If, in fact, modernization combats hunger, why these figures in the face of significant food production increases and stepped up investments in agriculture? The problem is that the bulk of new investment seeks the high returns realized through the production of export crops like soybeans, sugar and cotton. But these crops, big money-makers on the world market, do not feed the local population.

In fact, the use of land for production of export crops rather than staple foods, has contributed significantly to food scarcities throughout Latin America. While Latin America's export agriculture expands, staple food production lags far behind the population growth rate of 2.8 percent a year. Between 1964 and 1974, for example, per capita production of export crops increased by 27 percent, while per capita production of staple foods decreased by 10 percent.

The growing penetration of American agribusiness, coupled with local capitalists' investments, and the consequent imbalance in food production affects both this country and Third World nations in a number of ways. Mexico is a case in point: The last 10 years have transformed the fertile valleys of northwest Mexico's Sonora and Sinaloa states into modern agricultural regions resembling California's San Joaquin Valley. Wealthy Mexican growers, working in partnerships with U.S. agribusiness interests and banks, have planted almost every acre in fruits and vegetables for export to the United States. The growers now supply U.S. markets with about 60 percent of their winter vegetables.

While massive investments in irrigation, fertilizer and modern equipment made the farmlands of Mexico's northwest flourish, Mexican agriculture faces a new crisis. For several years staple food produced for the local market has declined. Population grows annually at a rate of 3.5 percent, but since 1970, staple food production has lagged behind and has actually declined for several years.

As a result, Mexico has been importing more agricultural products than it exports since 1974. Last year, 1.5 million tons of corn and 1.4 million tons of wheat were imported.

Food shortages affect both urban and rural dwellers, but for the rural population, the

costs of such export agriculture are particularly high. Many small farmers have lost their lands to their larger, expansion-minded neighbors. Throughout Latin America, tens of thousands of landless peasants migrate to the cities every year, where they are likely to join the ranks of the urban unemployed. Others become day laborers on the land they once farmed. A growing number migrate north to the United States, many of them hoping to earn enough here to buy food raised in their own countries, but unavailable to them there.

In Mexico alone, the number of landless peasants has increased from 1.5 million in 1950 to over 5 million today. For those dispossessed peasants who do find work as farm laborers, starvation wages and inhumane living conditions are the norm. In Mexico, the men, women and children who pick the tomatoes sold in U.S. supermarkets earn an average wage of $2.50–$3 a day—a deceivingly high figure considering that an estimated 5 million farm workers are employed less than 90 days a year. Many of them live during this part of the year in makeshift labor camps where outhouses are built on stilts over the same irrigation canals that supply their drinking and bathing water.

Because cheap labor is a major factor in making export agriculture profitable, agribusiness interests fiercely resist farm workers' efforts to organize. In Mexico's vegetable-producing region, more than 100 peasants have been killed during the past three years in conflicts with large growers over wage and living conditions. In June, after 5,000 Sinaloa farm workers went on strike for improved conditions, the state government sent in troops to arrest strike leaders.

Agribusiness has had the same affect on other countries as it has in Mexico. For instance, Brazil, now one of the world's great food exporters, has serious hunger problems and in its southern states hundreds of thousands are landless and dispossessed.

The overweight growth of Brazil's soybean industry is the most dramatic example of the new wave of export agriculture in Latin America. Since 1970, when its production was insignificant, Brazil has become the world's No. 2 exporter of soybeans (after the United States). Encouraged by Brazil's military government and assisted with loans from the U.S. Overseas Private Investing Corporation, multinational grain companies like the U.S. based Cargill Corporation have invested more than $100 million in some of the world's largest and most modern soybean-crushing plants, which transform most of the protein-rich crop into cattle feed and vegetable oil.

But at the same time, shortages of staple foods on the local market have sent food prices skyrocketing, penalizing Brazil's poor and exacerbating the ongoing crisis of malnutrition and hunger in that country. Last year, shortages of black beans, the staple food in the diet of millions of poor Brazilians, nearly provoked a political crisis.

Although black beans can be grown on the same land as soybeans, nearly all available agricultural credit in Brazil is channeled into export production. Of the $18 billion in subsidized loans that were poured into agriculture last year, the bulk went to finance the large-scale farmers who produced for the export market. Seven out of eight producers—the small farmers who produced most of the beans, corn and cassava that are Brazil's staples—received no loans at all.

Government credit policies are actually widening the gap between the large commercial farm owners and the poverty-stricken farm workers in many Third World countries. The smaller farmers who produce subsistence crops still use the most backward techniques—not because they resist change, but because they do not have the financial resources to modernize and expand. By contrast, the modernized export sector is the main beneficiary of government programs financing fertilizers, machinery, irrigation and agricultural research.

Why are government policies skewed to benefit export crops? One reason is that the richest and largest—and, therefore, most influential—land owners are found in the export sector. But, Latin American regimes have another pressing reason for stepping up efforts to promote export production. With their foreign debts reaching astronomical proportions—both Mexico and Brazil each have debts of over $30 billion—these regimes are more worried about paying off their creditors (U.S. banks, Western governments and multilateral lending agencies) than about feeding their own people. Expanding agricultural exports seems to them the most logical way to increase the foreign exchange earnings they need to remain financially solvent.

Throughout Latin America, wherever agribusiness flourishes, land use and starvation wages intensify local hunger. In some areas, U.S. corporations are directly involved in using some of the most fertile lands for export production rather than staple food crops. Most of Central America's banana plantations are controlled by three agribusiness giants—Castle & Cooke, Del Monte and United Brands. In addition to growing bananas for the U.S. and European markets, some of the companies also let thousands of acres lie uncultivated, held for future expansion.

Under such conditions, human exploitation abounds. In Brazil, as in other countries, the minimum wage in agriculture is rarely enforced, and day laborers in the southern soybean, sugar and coffee region earn as little as 50 cents for a 12-hour workday. A 1976 study showed that in Guatemala, a shocking 66% of the families who work on sugar plantations have an income that is not adequate to meet minimum nutritional needs. And those who work on coffee plantations are even more destitute, with 88% of the families unable to afford a minimum diet.

It is clear that the powerful landowners and agribusiness companies are not concerned with giving farm workers a fair share of the wealth they produce, nor with protecting the right of small farmers to their land, nor with meeting the food needs of the local population.

Any international strategy that addresses the needs of the world's hungry—their food needs, as well as their need for a decent wage—must first seek some fundamental changes in such social and economic structures. Without this, agricultural modernization in the Third World will do more to exacerbate than to alleviate world hunger.●

ANSWERING THE LAST ALARM

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. SOLARZ. Mr. Speaker, I would like to take this opportunity to pay tribute to six very special men who gave their lives on Wednesday in service to the people of New York City.

Charles Bouton, age 38. James Cutillo, age 39. Harold Hastings, age 40. James McManus, age 48. William O'Connor, age 29 George Rice, age 38.

These six men were New York City firefighters. They were killed in one terrifying instant when the roof of a blazing Brooklyn supermarket collapsed without warning.

In that horrible moment, New York City lost six men who time after time risked their lives for ours. Six men with wives and children. Six men with dreams for the future. Six brave and courageous men who were simply doing their jobs to the best of their ability.

The firefighters of our city are a special breed. It is truly unfortunate that it takes a tragedy of this magnitude to remind us of their extraordinary valor and dedication.

For the people of New York City, the six firefighters who died last week will be remembered as heroes. But our hearts go out to their wives and children, who will remember these special men not just for their courageous service to their city, but as loving husbands and devoted fathers.●

ASSOCIATION OF LOCAL TRANSPORT AIRLINES SUPPORTS NOISE REDUCTION BILL

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of California. Mr. Speaker, I have received a letter from Robert E. Ginther, president of the Association of Local Transport Airlines expressing strong support for the airport and aircraft noise reduction bill. ALTA represents the 15 regional and local service airlines which provide service to more than 400 of the Nation's small and medium-sized communities. His letter discusses the many reasons for their support and the support of the cities, counties, and airports which they serve. I feel it important that it be entered.

ASSOCIATION OF LOCAL
TRANSPORT AIRLINES,
Washington, D.C., August 3, 1978.

Hon. GLENN M. ANDERSON,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ANDERSON: In a few days you will have an opportunity to vote on H.R. 8729 and H.R. 11986, the aircraft noise reduction legislation recently approved by the House Committee on Ways and Means and the House Committee on Public Works and Transportation.

The 15 regional and local service airlines who provide airline service to more than 400 of the nation's small and medium-sized communities strongly urge you to support this legislation aimed at significantly reducing aircraft noise around the nation's airports. If a comprehensive effort to reduce noise pollution is to succeed, passage of this legislation is imperative.

Essentially, the bills provide new funds—from aviation users, not from the general public—to airport authorities and to the airlines so that they may begin attacking the problem on several fronts.

The airports will be provided additional airport development grant funds to reduce noncompatible land uses around airports through the acquisition of land or noise suppressive equipment. The airlines will receive assistance through the creation of a two percent excise tax on passengers and shippers to provide funds to aid in either retiring or retrofitting about 1600 jet aircraft which do not meet current Federal noise standards. This excise tax over five years, will pay about one-third the cost of quieting older aircraft and acquiring new jets without placing any tax burden whatsoever on

general taxpayer funds. In addition, airline users will not pay more taxes than at present as the excise tax created is coupled with a reduction in the current excise tax from eight to six percent.

This program has been labeled by some as a subsidy or a giveaway to the airline industry. Nothing could be further from the truth. Never before in U.S. history has any industry been burdened with a $6 to $8 billion environmental program applying not to new plants or equipment but to existing equipment. The jets now operated by the U.S. airlines were certified by the U.S. government, when they were designed and built, to meet all Federal requirements. Now, years later, these same aircraft must be extensively overhauled or retired because of new noise regulations. The legislation before the House would put about one-third of this tremendous burden on the users of airline services while the airline industry would be required to absorb two-thirds of the cost.

While the industry has recently shown improved financial results, during the 10 years preceding 1978 the industry had a poor record of earnings; and there is great doubt whether 1978's relatively strong earnings picture will continue into the future, particularly if a recession threatens the economy next year. Simply put, the airline industry is not capable of meeting the costs of this expensive program without assistance from a users tax.

In closing, I hope you will note that this legislation has the support of the nation's cities, counties, State governments, and airport authorities. It is also supported in principle by the Administration whose only objection to the program is the funding levels for airport development grants. This legislation has been developed after two years of exhaustive hearings and studies by many committees of the Congress and merits your support.

If our organization may be of further assistance to you in consideration of the noise control legislation or in any other way, I hope you will call upon us.

Sincerely yours,

ROBERT E. GINTHER,
President.●

POPE PAUL VI

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. YATRON. Mr. Speaker, I wish to join all the peoples of the World in paying homage to a great spiritual leader and a warm, compassionate man, Pope Paul VI, who died yesterday at the age of eighty.

Elected on June 21, 1963, and installed 9 days later, Pope Paul will long be remembered as the first Pope in history to bring the message of peace and love to all the corners of the world, including the United States in 1965.

I had the privilege and honor of meeting Pope Paul with the congressional delegation that went to the European Parliament in Rome in 1974. I remember coming away from my meeting with him deeply impressed by his warmth and unbounding concern and anguish over the many tragedies and sorrows present in our world.

Cast amid the tempest of change of the last 15 years, humanity has reached out for guidance, compassion, and inspiration. In Pope Paul VI, millions found wisdom, kindness and humility in the face of adversity, and a philosophy of love and peace with offered hope for a calmer time.

Pope Paul will be sorely missed by all of us, regardless of religious conviction, who wish to see the day when brotherhood and peace will flourish throughout the world.●

ADDITIONAL EDITORIAL SUPPORT FOR ENACTMENT OF THE KEMP-ROTH TAX RATE REDUCTION ACT

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. KEMP. Mr. Speaker, on Friday of last week I brought to our colleagues' attention a number of editorials from around the country in support of the Kemp-Roth legislation, the Tax Rate Reduction Act. This is the legislation to reduce individual income tax rates for all the people by about 33-percent over the next 3 years. It is the legislation which forms the basis for the amendment I intend to offer to the tax bill reported by the Committee on Ways and Means, H.R. 13511, an amendment which would incorporate the phased individual income tax rate reductions of the Tax Rate Reduction Act, effective January 1, 1979, 1980, and 1981, into the bill reported.

But, because there was so much of that editorial support that it would have exceeded the two-page limit, I could not put all of it in the RECORD Friday. It will take a number of days to do that, but I do wish to add some additional ones today to our deliberations.

KEMP-ROTH GOOD FOR SMALL BUSINESS

The Syracuse (New York) Herald-American recently editorialized in support of Kemp-Roth. It stressed, however, the importance of Kemp-Roth to small business, incorporated small businesses and unincorporated ones. It is important to note that those which are unincorporated pay taxes at the rate of the individuals who own them through those individuals' tax returns.

The editorial says, in part:

Kemp for several years has been waging a campaign in the House to turn one-shot rebates and continuous make-work programs into permanent, job-creating efforts.

That means tax cuts.

He points out:

Business firms pay corporate income taxes directly. When they pay dividends, stockholders pay additional taxes which, at times, means 50 to 70 per cent of a firm's profit goes to Washington.

He also wants to reduce the federal tax rate on small businesses because many pay at least 48 per cent of all their earnings above $50,000 to the government.

Why take the grief for such a small return;

As Kemp points out, the sad evidence is at hand.

In 1969, 548 small companies (under $5 million net worth) sold stock to raise $1.5 billion in capital to expand their operations. Those expansions meant jobs. But in 1975, only four new companies issued stock to expand and hire more people, and they raised only $16 million.

Not many recall that 15 years ago. President John Kennedy promoted and obtained a tax cut. His advisers thought the Treasury would lose $2.4 billion in the first year. Instead, the Treasury gained $7 billion, due to a resurgence of confidence, expanded investment, new jobs.

People knew that they would have more keep-at-home pay. Investors knew they could put their savings into an enterprise and not go broke.

That's what we need: a permanent federal income tax cut for individuals and corporations.

BIPARTISAN SUPPORT FOR KEMP-ROTH

As I indicated on Friday, Kemp-Roth is bipartisan in many ways. It rests upon economic premises used both by Republicans and Democratic Presidents and administrations. It is cosponsored, in the House and Senate, by Democrats and Republicans. It was supported in a floor vote in March by Democrats and Republicans, a point alluded to in the editorial which follows. And the individual income tax rate reduction which Kemp-Roth would make law are for the benefit of everyone.

This point was made by the Buffalo News in a recent editorial:

And this is the kind of appeal, we suspect, that produced not only solid Republican but considerable Democratic support for the Kemp approach. Since it attracted 194 favorable votes even in losing, and since there are only 147 Republicans in the House, the Kemp-GOP alternative can be fairly labeled bipartisan.

And why not? It's underlying concepts are closely modeled on the job-creating tax reduction advanced by JFK and then put through by Democratic President Johnson in 1964.

Perhaps because his alternative was barely rejected this time by the House, Rep. Kemp plans to try again later this year when the Carter tax package comes to a vote. Maybe the closeness of this margin will move the administration to try to steal his thunder with its own across-the-board paring of income tax brackets. If not, then we hope the Kemp alternative will pick up enough additional bipartisan support to become a thoughtful, decisive majority.

This point was made recently in the Dallas Morning News too, in an editorial, "Why Not a Tax Cut?" I quote:

What should we do? Why, says Kemp, the answer is plain as day. We should cut taxes across the board—taxes for private people, taxes for business. The government should put more money into people's hands, instead of grabbing greedily for the money they already have.

Kemp and a savvy band of congressmen tried earlier this year to get the Congress to institute just such a tax cut—one modeled on the Kennedy tax cut of 1962. The Kennedy cut cost the government money, but the money was quickly made up by a surge of spending and investment. A boom got under way that continued throughout the '60s.

Kemp didn't precisely put it this way, but what was good for President Kennedy—and the American economy—should be good for President Carter and an even more perplexed economy than we knew in '62.

Our hats are off to the Buffalo congressman for his persistence and hard work in pushing a much-needed measure. The only thing wrong, indeed, with the Kemp proposal is that it makes sense. This can be a fatal defect in Washington, but we encourage the congressman all the same to keep slinging the ball.

RECREATING INCENTIVES AND REWARDS FOR WORK, SAVINGS, INVESTMENT AND RISK TAKING

An editorial in the St. Louis Globe-Democrat addressed one of the most im-

portant points about the structure of the tax rate reduction plan which Kemp-Roth would make law. That point is the restoration of incentive to work, save, invest and take risk by removing the unnecessarily high tax burden upon the reward from such incentive:

If the U.S. is ever going to restore healthy economic growth, it should:

Reduce income taxes by a much larger amount than proposed by President Carter (a good proposal is one sponsored by Rep. Jack F. Kemp, R-N.Y., and Sen. William V. Roth Jr., R-Del., which would cut all individual income taxes by 30 percent over three years, increase the business surtax exemption from $50,000 to $100,000, and reduce the corporate tax rate from 48 percent to 45 percent).

In short, create a tax system that rewards investment and production instead of one that subsidizes excessive spending.

The Buffalo Evening News made this point, too. It talked about the way in which a permanent tax rate reduction can be depended upon to expand both private spending and investment. It also talks in terms of the importance of that to restoring the economy of the Northeast. I quote:

Certainly, a permanent tax cut for individuals and corporations can be depended upon to expand, in some degree, both private spending and investment. The assurance of more after-tax income left to individuals and businesses to use as they see fit cannot help but sweeten existing incentives for work and investment. In our book, those are clear pluses. And for an economy that urgently needs more real private-sector economic growth, the timing of such a tax cut is sound enough.

Since the Northeast has more than its share of aging plants and relatively high income levels, moreover, across-the-board federal tax reductions should be especially advantageous here.

We do not, realistically, expect to see the GOP's Kemp-Roth bill breeze through a Democratic Congress and a Carter White House. But there is a strong bipartisan case to be made for it in general economic terms. Thus, we think both Congress and the public, in looking over whatever President Carter proposes in his own tax-stimulus and tax-revision plan, should give a fair and thorough hearing to the constructive concepts imbedded in the Kemp-Roth tax-reduction alternative.

THE IMPORTANCE OF TAX RATE REDUCTIONS TO THE PEOPLE

The Florida Times-Union in Jacksonville has made a particularly good case for Kemp-Roth. The paper has talked in terms of what the tax rate reductions will mean for the people and for the economy. They have made a particularly good case:

The Americans who responded to Gallup interviewers, and millions of others like them, could well be asking a question of their own. That is: Why isn't Congress paying more attention to the tax-reduction bill introduced simultaneously, in their respective houses, by Sen. Bill Roth (Del.) and Rep. Jack Kemp (N.Y.)?

Basically, this bill would offer substantial tax relief, across the board, to all taxpayers, especially those in the lower-middle income brackets (currently the hardest hit by inflation).

This money left in individual hands, as much as it would mean to individual families, would collectively mean even more to the national economy. As Sen. Roth explains it: "(This Act) will assure the type of long-term economic growth needed to create meaningful new jobs in the private economy.

"The heavy tax burden (at present) reduces consumer purchasing power and retards savings and investments in new factories, homes and equipment, resulting in slow economic growth and high levels of unemployment. . . "

Since tax rate reductions historically expand the economy be creating tax-paying jobs, thereby increasing federal tax revenues and reducing federal spending on benefits, no actual loss to the Treasury is anticipated.

In point of fact, every tax rate reduction since 1946 has resulted in increased revenues, not decreased income.

In point of fact, economic truths don't recognize party labels. When President John Kennedy successfully asked Congress to reduce taxes (Dr. Ture helped develop the plan) to "get the country moving again" the Treasury's income didn't drop, but rose.

Rep. Kemp sums up the issue well:

"We can 'create' jobs that are, in fact, an ill-disguised divvying of a shrinking economic pie into smaller and smaller portions. Or we can set about baking a bigger and better pie . . ."

The Fort Worth, Tex. Star-Telegram has also addressed this question: Who should have more of the people's hard-earned money—the people who earned it or the Government in Washington? The question is relevant because taxes are going up every day that Congress does not pass legislation to reduce them. The social security tax hike will take another $9.5 billion in fiscal year 1979 from the people. Those people will pay another $13.4 billion in fiscal year 1979 as a result of inflation pushing them into tax brackets where the percentage they pay in taxes on additional dollars earned are increasingly higher. They will pay another $2.9 billion in new energy taxes in fiscal year 1979 if the President's energy bill, as passed by the House, becomes law.

Excerpts from this editorial follow:

Most Americans would gladly forego a tax cut if they could be assured the funds would be used to effectively fight inflation through a sensible budget.

But if there is to be little financial discipline in Washington (they talk of spending $55.6 billion more in 1979 than the government takes in), by all means cut taxes as soon as possible.

Most taxpayers can make better use of their money.

The private sector could create real jobs, not the superficial federal positions created to make work for work's sake.

Inflation is not fueled so much by allowing people to spend their own money as by requiring them to send their money to Washington to be laundered and squandered.

The Senate's purported concern about inflation is laudable, so let the Congress attack the menace by responsible budgeting and by recognizing the high cost of overregulation of business to every American.

Roth sees this. He knows, too, that a person will manage his or her own money more frugally than an easy-come-easy-go committee in Washington.

It is a principle that all members of Congress should know.

THE SHAPE OF A TAX CUT IS THE MOST IMPORTANT FACTOR

Not all tax cuts are created equal. The size of the tax cut is important, but the shape of the tax cut is even more important. It is the shape of tax reform, tax cuts, tax rate reductions, et cetera, which govern what the economic effects will be.

This was the point addressed in an editorial in the Lexington Herald in Kentucky, the closing paragraphs of which are:

There is doubt that the economy will be stimulated by just any kind of tax cut. Carter's tax proposal would increase the tax scale. It also would discourage work incentives and capital investment.

There is more reason for Congress to opt for a plan by Rep. Jack Kemp and Sen. William Roth, which would freeze the tax rate, or reduce it, and increase incentives and production. That would certainly do more for the economy.

The point was also the subject of an editorial in the San Diego Union in California:

But not just any kind of tax cut will stimulate the economy. A tax cut that also increases the tax scale, as Mr. Carter's is inclined to do, would discourage work incentives and capital investments for the economy's most productive people. But a tax cut that freezes the tax-rate scale as is, or else reduces it, would act to increase those incentives and production and prosperty and, in the end, these all bring in more taxes. The plan sponsored by Rep. Jack Kemp and Sen. William Roth is this kind of tax cut.

As the nation's shorn taxpayers limp away from their annual tax-crisis, they can hope that the taxers in Washington will try to repeat JFK's tax producing tax cut.

Mr. Speaker, I will read additional editorials into the RECORD tomorrow.●

SOME THOUGHTS ON AIR PIRACY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of California. Mr. Speaker, action is pending in both the House and the Senate to update our ability as a Nation to deal with terrorism, especially in terms of air piracy both here and abroad.

An editorial point of view by Robert Hotz in the July 31, 1978, issue of Aviation Week and Space Technology about the recent Bonn Summit meeting announcement is timely.

Legislative action is still essential as supported by all of the Federal departments involved. I urge my colleagues to consider cosponsorship of the House bill before our Aviation Subcommittee, H.R. 13261.

The editorial follows:

HIJACKING SANCTIONS SPREAD

The unexpected but vigorous action of the leaders of seven major industrial and civil aviation nations two weeks ago at the Bonn summit meeting to exert punitive sanctions against nations that provide sanctuary for aircraft hijackers is a major step forward in the growing campaign to eradicate air piracy. This blunt warning from Bonn is being followed by a working level meeting of government representatives this week to draw up specific operational plans to implement the series of sanctions to be exerted against nations encouraging air piracy.

The current wave of political terrorism now exploding around the world had its inception in the successful hijacking of commercial airliners and holding their passengers hostage. Aside from the initial sanctions threat-

ened by the International Federation of Air Line Pilots Associations against Algeria (AW&ST June 12, 1972, p. 27), the Western nations remained curiously apathetic as the hijackings increased and the slaughter of innocents expanded. Only Israel took aggressive action to carry the war to the aerial pirates. It was the daring Israeli airborne commando raid on Entebbe two years ago that finally turned the tide in Western nations from passive political platitudes to armed aggressive offensives against the aerial pirates. The Germans followed with a successful commando attack that released Lufthansa hostages at Mogadisho in Somalia and Egyptian commandos pursed Arab assassins to Cyprus, where they were murderously betrayed by the local militia. In the recent shot-out at Orly airport in Paris it was aggressive action by Israeli and French security forces that nipped the Palestinian plot on the ground and reduced the potential death toll.

In the meantime other nations, including the United States, have trained and equipped special units that are able to follow and attack the aerial pirates wherever they may seek sanctuary. The message should now be clear that the forces fighting aerial piracy have shifted from the passive security policies to active, lethal expeditions in pursuit of the pirates wherever they may land. This shift from the defense to the offensive has been a significant factor in chilling the enthusiasm for aerial hijacking.

But until the major civil air powers and industrial nations of the West and Japan took firm and united actions against the air pirates' sanctuaries the battle against air terror lacked complete credibility.

Although this subject was not on the official agenda for the Bonn economic summit conference, it was raised by Japanese Premier Fukuda, seconded strongly by Canada's Pierre Trudeau and quickly found strong support from the European nations that have recently been racked by political assassinations and terrorism. The statement is stronger than anything any individual country has yet been willing to make on sanctions against hijacker sanctuaries. It states:

"The heads of state and government concerned over terrorism and hostage taking declare their governments will intensify their common undertakings to fight international terrorism.

"In cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return such aircraft, the heads of state and government are jointly resolved that their governments should take immediate action to cease all flights to that country.

"At the same time their governments will initiate action to halt all incoming flights from that country or from any country by the airline of the country concerned."

This is exactly the type of action that the U.S. Air Line Pilots Association and the International Federation of Air Line Pilots Associations have been advocating for years. It must be gratifying to the leaders of this long and often discouraging battle to at last see their ideas adopted by the governments of the United States, United Kingdom, France, Germany, Japan, Canada, and Italy.

The leaders of the seven nations gathered at Bonn have also called on other nations in the world to join them in extending the web of sanctions and we hope there is a swift and decisive response to this appeal. The United Nations organization has debated the aerial piracy issues endlessly without any significant action.

It is time that some nations in the world stepped outside that pusillanimous forum and exercised effective leadership against aerial pirates and other forms of political terrorism. In recent years the number of sanctuaries for aerial pirates has shrunk but as long as there is a single country in which they can safely hide this crime will continue.

The combination of specially trained airborne commando teams located at strategic points along the world's airlines plus the boycott of air services for sanctuary nations are truly strong if belated, steps in a successful campaign to eliminate aerial piracy and its associated terrorism.

In addition to the lives and aircraft destroyed by aerial pirates in the last two decades, the pace of the world's air transport system has been slowed by the airport security screening procedures and made more costly by the added protection required. It will be a major step back toward a semi-civilized world when its air transport system can once again operate in peace, free from the terror of aerial pirates.●

VICTIMS OF THE VIETNAM WAR

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. BONIOR. Mr. Speaker, I submit an article for my colleagues which appeared in the Washington Post a few days ago. Its author, Stuart Feldman, is counsel to the Council of Vietnam Veterans, a group which I personally feel is one of the most effective advocates of the Vietnam veteran.

The article appears at a time when the Vietnam veterans in Congress are attempting to obtain more equitable and substantial benefits for the Vietnam veteran. The message, which I concur in, is that unless we, as a country, come to terms with the reality of Vietnam and its lessons for us, we will never be able to fully accord the Vietnam veterans the respect they deserve in being asked to fight a war of attrition until we decided what it was we truly wanted in Vietnam, until we decided whether or not their deaths would mean anything to the country. Unless we come to terms with Vietnam, its veterans may very well be the ultimate victims of that war.

That is a view I share.

[From the Washington Post, August 2, 1978]

Payment of the nation's just debts to Vietnam veterans might start to strip away the barriers to a consensus on America's future role in the world—barriers that now seem to hamper our ability to act. The disillusionment from Vietnam seems to convince many that we should never commit our troops or resources overseas again, except perhaps in Europe.

A president's Week for Vietnam Veterans, climaxed by a nationwide presidential fireside address on the honorable service of those citizens and the responsibilities of citizenship, could be a major first step in a needed nonpartisan discussion of Vietnam.

Some special presidential recognition of Vietnam veterans would, I believe, help many of them feel more at ease with their government. It might also provide them with some sense of absolution for the part in a war that so many of their fellow citizens have denounced as "immoral" or "needless" or just plain wrong. A large number of Vietnam veterans and their families are now bitterly opposed to military service. They convey that attitude to their younger brothers, relatives and friends. It may be one reason the volunteer army is having such a hard time obtaining high-caliber recruits.

A poll made in conjunction with one of the Hollywood movies made about the war showed that 61 percent of those surveyed thought that the nation needed to discuss the events of the war. Other recent signs, including the release of at least eight war-related movies, hour-long television specials on Vietnam veterans by ABS and CBS and a cover story by the Atlantic, suggest that there is, indeed, some public readiness to face up to the meaning—and the lessons—of Vietnam.

In a Memorial Day address at Loyola College in Baltimore, Clark Clifford, a secretary of defense under President Johnson, said his generation, by wrongly comparing Hilter's Germany and post-World War II Soviet expansionism to Vietnam, conducted a war that was "a disaster." The National Review of June 23 carried an analysis of the war by Norman Hannah, a retired Foreign Service officer, who also called for a dispassionate nonpartisan review. In the July Harper's, psychologist Jeffrey Jay, a fellow at George Washington University's Center for Family Research, called the Vietnam veteran a scapegoat and a victim of silence surrounding the war. He, too, urged a national debate on Vietnam for the sake of the veterans' mental health. In reviewing a book in The Washington Post, one of West Point's brightest young products, Josiah Bunting, who left the Army over the war, made a negative analysis of the officer corps' performance. All of these are recent harbingers of a willingness to examine the past for whatever it might tell us of how to proceed in the future.

Although presidential recognition of Vietnam veterans is crucial, any response requires a substantive effort to reshape and improve a number of government programs related directly to the problems of Vietnam veterans and involving education, medical care, various forms of "amnesty" for "bad paper" (less than honorable discharges comparable to the blanket forgiveness bestowed upon draft evaders. This may require the expenditure of significant amounts of money as well as symbolic gestures by the president. But the sums involved are trifling when you consider the national obligation to those who served in Vietnam and to the importance of straight-thinking about the war and its relevance to the future conduct of American foreign policy, in honoring that obligation.●

TRUE BRITT: RIDING HOME TO HOBOLAND

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. GRASSLEY. Mr. Speaker, the Washington Post published an article today which I would like to call to the attention of my colleagues.

The article was in regards to the 78th annual "Hobo Convention" and the community of Britt, a rural Iowa town in my district.

About 40,000 people and a group of "long time hobos" were on hand for the celebration. One hobo explained that trains do not stop as often and are not as accessible now, so hoboing is a dying sport.

The article follows:

TRUE BRITT: RIDING HOME TO HOBOLAND

(By Tom Zito)

BRITT, IOWA.—The land is flat here, as far as the eye can see, a fertile brown and green expanse broken only by 7-foot-high fields of Midwest corn, and grain elevators, bleached white by the sun, that jut into the blue sky.

"I helped build that elevator," says Fred Maiszner of North Dakota, a 68-year-old hobo who started "riding the freight trains in Hoover's day. I haven't been here in some time, but you know, old dogs always stray back to their old stomping grounds."

Maiszner is sitting in front of Don's Hob-Nob Short Order Grill on Main Street, downing a can of Old Milwaukee. It's Saturday, and the streets of Britt—"founded by rail, sustained by the plow"—are packed with perhaps 40,000 people, 20 times the normal population. Today is Britt's centennial, not to mention the day of the town's 78th annual hobos' convention, when riders of the rails from east and west gather in heartland America.

But there are not many hobos here, two dozen at best, camped at what they call "the jungle," a little sheltered area just beside the white wooden building that serves as the freight depot for the Milwaukee Line.

"There's just not much hoboing left to do," says the Cheyenne Kid, 68, who's been hitching freights since the '30s. "Diesel engines killed it. Used to be a train would have to stop every so often to pick up water and coal. Now they just thunder on for a thousand miles, and the cars are so streamlined and locked shut you can't get in."

The Kid says that in the '30s, "there must have been fifteen, eighteen thousand of us roaming around. The Depression had a lot to do with it. Now I'd be surprised if there are more than a hundred of us."

"You can't just go around and do odd jobs any more," says Lord Open Road. "Used to be you could go up to the house of a widow and offer to paint the place in return for room and board. No questions asked. Now you need to have what they call credentials, and if you don't have your own paint truck, they're suspicious. And just forget about staying in somebody's house who don't know you."

"The world's just turned into a bunch of working stiffs," says Streamtrain Maury, just elected king of the hobos by the people of Britt. "It's harder and harder to understand us folks who don't seem to do anything."

Indeed, there's an ironic contrast forced by the mixing of the hobo convention and the town's centennial. Like cowboys and bank robbers, the hobos—with names like Iowa Blackie, Frypan Jack, and Boxcar Frank—conjure up the great romantic spirit of itinerant America, the forerunners of Kerouac's beat generation and the flowery days of the '60s counterculture.

"Being important is not that damn important," says Mr. Nobody. "But we all have our vanity."

Then there's Britt, the very model of America's Protestant ethic. The first edition of the town's Britt Tribune, on December 19, 1879, noted that "Britt is fast becoming *the* commercial center of the county and is drawing trade from every direction," largely because of the three railroad lines that cross here. "The business men are well endowed with enterprise and 'go-aheaditiveness.' "

Ninety-nine years later, the two-hour-long centennial parade is filled with almost 200 floats, most of them touting God, gravy or government. There's a covered wagon being pulled by four small John Deere tractors, all harnessed together. A horse dressed in overalls. A family of five in their old Model T with a sign proclaiming: "High spending is inflationary. Living high on the hog will destroy America." A VFW display that's a model of the Lincoln Memorial, with a Lincoln look-alike who's been greasepainted completely white. An old steam tractor driven by "Grandpa Harry Thompson, 89 years young." The Methodist Church declaring "There is new life in Christ."

And, most graphic in the show, the float from the Hancock County Right to Life Association. A crib filled with real babies is being pulled by a tractor and a large sign reads: "Your Children—Britt's Future. The Supreme Court would have allowed these children to be destroyed at the beginning of their lives. God have mercy on us."

A man from the VFW is circulating through the parade route, selling tiny American flags.

"Folks, let's make it look like America today," he says. Oivind Andreassen, here from Fredrikstad, Norway, to visit relatives, hands over a quarter and sticks the flag on his camera case.

At noon, after the parade, in an empty lot, hobos and townsfolk, sightseers and relatives gather for the free Mulligan stew lunch that's prepared by the Chamber of Commerce. Eight hundred gallons of stew are cooked in 55-gallon drums. It's a traditional part of the hobo convention which, even when started at the turn of the century, was a clever business move by the merchants of Britt.

Through 1899, the hobos (who call their organization Tourists Union 63) had been meeting in Illinois. Three Britt merchants, Thomas Way, T. A. Potter and W. E. Bradford, realizing the importance of the railroads and publicity for the town's economy, invited the "officers" of the union to Britt, and proposed that an annual convention be held here in August. The town, in conjunction with the Britt Tribune, invited journalists from across the land, and on August 23, 1900—the day after the first convention—the town of Britt was on the front pages of newspapers across the country.

"It was advertising that Britt was after and she got it," editor W. A. Simkins wrote in the local paper, in an article hinting that the town, in conjunction with the journalists, had pulled a fast one on the world.

"Let the good Lord have mercy upon the reporters of the big daily papers when they go up to the Pearly Gates and try to get in. When it comes to writing a hobo convention story, these reporters of the daily press are far ahead of either Ananias or Eli Perkins."

"A convention's just a convention," says the Cheyenne Kid. "People say they used us, we used them. It's just that this town still has three train lines running through, and it's a handy place to meet."

The Kid is full of stories.

"Once I was riding the Silk Express from San Francisco to the East Coast. I'm going back now 45 years. That train was bringing raw silk to someplace in New England. I mean that train was carrying a million dollars. Something didn't feel right and I jumped off. I didn't realize at the time that she was so hot. They catch you on a train like that they put you right in jail, thinking you're gonna hijack it.

"Another time near Duluth I was sleeping in a boxcar behind a load of logs. I noticed these red diamond-shaped stickers on the outside of one of the cars. Forty tons of dynamite. That was '30 or '31. Got off that one fast."

Or the time Lord Open Road almost got killed.

"I got into this the hard way, 1927, when I was knee-high to a grasshopper. I'd go down to the tracks when my Dad wasn't looking and sneak a ride for a mile. The neighbors would tell my Dad and he'd beat the hell out of me. Finally I decided I'd had enough beatings and I didn't jump off after a mile.

"Now my constitution is as strong as a domesticated bovine. But you're going across the desert and you've gotta have water. I jumped off by this oasis and was pushing back all that green scum for the coolest drink in the whole world. Then this rancher comes up on me with a gun, says he wants a dollar-fifty for a drink. I said to him, 'I thought water was free.' We started talking and after a while he said to me, 'Are you in a hurry? I'd like to have dinner with you.' And I started laughing and I said to him, 'Me in a hurry? Took me nine months to get here.' "

The stories could go on all night. But it's getting dark now, and the stewpot is bubbling in the jungle, and the Cheyenne Kid is getting mobbed by autograph hounds in the Red Rooster Lounge.

"Jeepers, creepers," he says. "This is the rat race we're all trying to avoid."

And the Kid heads out of the Red Rooster back to the jungle, and in the process he meets Pennsylvania Pete, who glances around at the crowd and says:

"Lotta people call themselves a tramp, but they couldn't be one with an instruction box."●

CAMBODIAN REFUGEE ACCOUNTS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of Illinois. Mr. Speaker, I place in the RECORD interviews with two Cambodian refugees who successfully escaped to Thailand:

INTERVIEW WITH CAMBODIAN REFUGEE IN BURIRAM, THAILAND, CONDUCTED BY AMERICAN EMBASSY OFFICER IN JUNE 1978

ACCOUNT OF SOURCE B*

Source B, 29, was a farmer in Battambang Province. After the Khmer Rouge takeover, he continued to work as a farmer in the same place. He arrived in Thailand May 19, 1978. His account follows:

CONDITIONS IN DEMOCRATIC KAMPUCHEA

In 1975, I ate with my family. From the start of 1976, I ate with my group in the collective for four or five months. After that, the entire collective of 330 persons ate together.

There was little change in the amount of food we got since 1975. We ate porridge, two times a day. We had 8 tins (2 kilos) of rice, made into porridge, for ten persons. The porridge usually had banana leaves mixed in. There were two or three persons who caught fish for the whole collective.

Crop yields decreased each year since 1975. I don't know why. We worked, worked, worked, but the results were not better but worse. Perhaps it was because there are fewer and fewer people, who have less and less strength.

There were no medicines, except the concoctions made by the Khmer Rouge of roots and herbs. Of ten patients who became seriously ill, five died.

Of the 330 people in the collective at first, there were only about 100 left in May 1978. Almost all of the remaining persons are women. The rest were killed or escaped to Thailand.

SYSTEM OF ADMINISTRATION AND DISCIPLINE

The village was headed by an administrator, from Angka. My village was divided into four groups. I never saw any Khmer Rouge soldiers, but there were spies (chhlop) in the village.

For minor mistakes, such as going to work late, you were scolded and hit the first time. The third time, you were executed. For a serious mistake you were killed the first time. Serious mistakes were talk against the Khmer Rouge regime, such remarks as, 'I don't like the Khmer Rouge regime', 'I don't like to work so hard', 'I want to eat more.' Also when the Khmer Rouge discovered that you were a soldier or government worker

*The name of the individual refugee who provided this account has been excised to protect the identity of family members or friends still in Cambodia.

of the former regime, you were arrested and killed immediately.

You could not make any suggestions about working or living conditions. No one dared to speak at all. No one dared to rise up against the system. You never knew where the Khmer Rouge were. Every week or so I saw a handful of Khmer Rouge pass through the village. We were told that if any villagers dared to attack the Khmer Rouge, all the people in the village would be killed. I heard that this happened in one or two other villages. One of them was Phum Thmei, Thmar Pouk District, Battambang.

EXECUTIONS

I saw one former GKR soldier killed. I also saw two or three others arrested and taken away. They "disappeared."

I heard from other villagers, during joint work projects, that far away from their village in Chamka Ko Military Base, Battambang, many former soldiers were killed right after the Khmer Rouge take over. I saw many human bones in a lake. I guess that maybe over 1,000 people were killed. At first, the Khmer Rouge used guns to kill the former soldiers, government workers, and students, but later, after 1975, they used poles to beat people to death.

HUMAN, CIVIL AND POLITICAL RIGHTS

There is no such thing as human, civil or political rights in Democratic Kampuchea. You cannot read, write, talk, or suggest. People want to have freedom most in my village. I escaped because I could not live under the Khmer Rouge. I didn't get enough to eat and there was no medicine.

One Cambodian who came with me had decided to escape because the Khmer Rouge killed his younger brother-in-law. Now, if you have one relative who was a GKR soldier, they kill the whole family.

INTERVIEW WITH CAMBODIAN REFUGEE IN SURIN, THAILAND, CONDUCTED BY AMERICAN EMBASSY OFFICER IN JUNE 1978

Account of Lon Heou*

Lon Heou, 21, came from Koukmon, Oddar Meanchey Province, with her husband Si Suot. They arrived in Thailand in February 1978. Her account follows:

CONDITIONS OF LIVING IN DEMOCRATIC KAMPUCHEA

We had hard rice, not gruel, to eat in Koukmon, but not enough. We had no fish or meat but strips of banana tree trunks were mixed with the rice. In 1975, it was much better than 1976–78.

As a child, I lived in the same village as my future husband Si Sout. In Koukmon, we worked in different units. I worked in Beng. I was very lucky to marry someone I knew and liked. Many others were not so lucky and frequently did not know each other before getting married.

The women worked just like the men in our village. We dug canals, built dams and planted rice. Just before fleeing to Thailand, I worked clearing land. Earlier, after I was pregnant, I carried logs to build rail fences. I had to do this work until my ninth month of pregnancy. It was physically difficult to pick up the logs, and sometimes I had to ask for help from someone just to lift the logs. I was too terrified of what might be done to me to ask to rest or for lighter work, even when I was sick. I had a miscarriage near the end of my pregnancy. After the miscarriage, I got very sick. I got ten days off in the hospital. The doctor gave me injections of syrup and they 'smoked' me for ten days, the way you smoke a pig. In the hospital I slept on the ground. My husband was allowed to visit me one time. After ten days in the hospital, I was put to work in the communal kitchen. That work was harder than carrying logs, since I had to lift heavy sacks of rice, but everyone is sick, either skinny or swollen. No one is well fed or healthy.

Far fewer women than men escape to Thailand, because the women are afraid that they will not make it. They also have children and cannot expect to flee successfully. The Khmer Rouge spread rumors that all who try to escape are killed. I have also heard that the borders have mine fields.

Old women are employed to look after one to ten small children in the communal kitchens. Old women are very unhappy and are treated very badly. They are afraid to look after so many children. There is no time to chew betel. And, if the children cry, they cannot call their mothers.

Other old women had to help clear land or raise silk worms. They make silk cloth, white only, but it is taken away by the Khmer Rouge.

EXECUTIONS

My husband Si Suot, thought of fleeing for several months, but then we would think that we could stay and maybe things would get better. Then they started killing our relatives. My father fled in mid-1977 and afterward I was treated like the 'daughter of an enemy.' My sister, Lon Kim Heat, studied seven years before 1975, more than most girls. In late 1977, she was taken away from the mobile youth group and executed. Friends in the youth group told me later.

Over one hundred people from my village have been executed. Last year sixty were killed either in the village or were taken to the forest and killed. Some were former soldiers; others had done nothing.

If you talk too much or don't talk at all, you are in danger of being 'taken away.' No one dares make jokes or even laugh. One guy in my village was executed because he was 'too jovial.' Complacency is a crime, since a complacent person is liable not to work too hard and be a bad example. You might forget to work!

In general the rate of killing men is much greater than for women. I think Cambodia is going to be a country only of women."

HUMAN CIVIL AND POLITICAL RIGHTS

There are no rights in Cambodia, not even the right to smile. I would have preferred to have remained in Cambodia, but I could not endure such a life. I wanted just a little bit of freedom, to be happy again, and to have enough to eat.

I have never heard of a women's liberation movement, but in Cambodia, it is said that men and women are equal. It is true that we have equal work, are equal in being unhappy, equal in not having enough to eat, but these are equalities I do not want.●

*Refugee agreed to use of her name in a public document.

AN AFRICAN BLOODBATH

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. DORNAN. Mr. Speaker, during the past few days, this Chamber has rung with the eloquent denunciations of human rights violations throughout the world. We have spared no one: no dictatorship, right or left, has failed to evoke our righteous anger. We have done our best to stand forth as representatives of the tradition of Washington, Jefferson, and Lincoln. This has been both necessary and proper. We cannot divorce our foreign policy from humane or moral considerations.

But I fear that Members of this House are fatigued, numbed, perhaps beyond revulsion, at the enormity of the crimes revealed in the general media and on the floor of this body. That is understandable. The trials in Soviet Russia, the genocide in Cambodia, the senseless murders in Uganda are enough to make our emotional wells run dry. The litany of horrors recited by various members of this House are enough to brutalize the sensitivity of any one of us. But we must not succumb to that frame of mind.

I ask your indulgence, for a moment, on yet another serious violation of human rights: The mass murder of black Roman Catholics in Equatorial Guinea. In proportion to the population, this latest crime against humanity rivals, and probably surpasses, the genocidal extermination in Cambodia.

How could this matter have escaped our attention? I wonder. Equatorial Guinea is a tiny country on the west coast of Africa, occupying less than 11,000-square miles. A former colony of Spain, the country is one of the newborn emerging nations of Africa. It is only 10 years old. Its population in 1968 numbered no more than 350,000 souls, divided into 5 different tribes. Like every other nation in Africa, it is a multiethnic political community.

Mr. Speaker, these poor people have been the targets of one of the most terrifying exterminations campaigns in modern history. Out of a total of 350,000 people, 50,000 people have been killed, according to the latest reports from the Vatican. A total of 90,000 people have fled for their lives, and are currently living as refugees in the neighboring African countries of Gabon and Cameroon. The campaign of terror and violence is being orchestrated by a Marxist dictator, Macias Nguema, who seized abolute control of the country in 1971 and has declared himself "President for Life."

This crazed killer adds blasphemy to his murderous campaign to snuff out every vestige of opposition, lately requiring the invocation of his name along with prayers to God. Reports of the atrocities coming from that country include the crucifixion of Christian opponents. In a nation that is 95-percent Roman Catholic, he has outlawed the church and has carried out a murderous persecution of priests and nuns, as well as lay civilians. There are currently 12 priests left in the country, all living under house arrest. Nguema is either a slave of his own lust for power or a madman. But, in either case, there does not appear to be any length to which he will not go.

Mr. Speaker, this morning I had the honor and the privilege of meeting with the spiritual leader of the nation, His Excellency Bishop Rafael Nze Abuy, Bishop of Bata. He struck me as an eminently kind and gentle man, and he asked me if I could please bring the terrible sufferings of his people to the attention of this House. Once again, I realize that these blood-curdling tales are re-

volting; that we are fatigued and disgusted by the seemingly endless repetitions of instances of violence against dissidents, including religious and political repression. But we cannot turn away. What happened in Germany to the Jews is happening to Roman Catholics in this tiny African country. There is one difference: The persecutions of Nguema constitute a terroristic attack on the entire population of the nation.

There is one other aspect of this matter which commends itself to your attention. The consolidation of Soviet power on the African continent is a consolidation of power along the vital South Sea lanes, the paths of commerce, and the lifelines of the economies of the industrialized nations of the world. State Department sources confirm the fact that the nation's territorial island, Fernando Po, is currently servicing Soviet ships and there are further reports, from independent sources, of the presence of Soviet submarines in that area. Cubans have also occupied the island, and it has served as a staging area for military operations.

I would ask you to give your attention to a press release on the subject issued from an organization called Catholics for Christian Political Action:

LAYMEN'S GROUP CALLS ON U.S. CATHOLIC CONFERENCE AND OTHERS TO INTERVENE IN AFRICAN BLOODBATH

WASHINGTON, D.C.—Catholics for Christian Political Action (CCPA) today called on Catholics and other Americans of all faiths and races to rally in defense of the thousands of black Catholics in Equatorial Guinea whose lives are being threatened because of their religion. The national laymen's political action group especially appealed to the U.S. Catholic Conference to do everything possible to organize members of the Catholic community to protest against the mass killings taking place in the West African nation.

"According to a State Department spokesman with whom I talked this week, tens of thousands have already died and an unknown number are threatened," said CCPA president Gary Potter in a statement for the press.

"I think it is right and necessary for the world to be concerned over the fate of Scharansky, Ginzburg, and other dissidents in the Soviet Union," he continued, "but I wonder why the tragic plight of the Equatorial Guineans is being ignored. Is it because they are Catholic and black?"

Equatorial Guinea is the only Spanish-speaking nation in black Africa. Its population, estimated at 350,000 when the country became independent in 1968, is 95 percent Catholic. According to Potter the population may have been halved since then. "We know there are at least 90,000 refugees in neighboring African countries and Spain. The other thousands are dead or simply unaccounted for. Half the National Assembly 'disappeared' five months after independence."

Reports reached the West some time ago that Equatorial Guinea's President Francisco Macias Nguema issued an edict that his portrait be placed on the altars of the nation's churches. Then he ordered that his name be included when Catholics made the Sign of the Cross. When Church authorities refused to comply with these demands the wave of religious persecution began. Now the Catholic Church has been outlawed, foreign priests have been expelled and over 30 native-born priests and at least 100 nuns are known to be in prison.

Potter pointed out that exact information regarding the situation is sketchy because France is the only Western nation that still has diplomatic relations with Macias, but without an embassy. The only embassies in the country are those of the Soviet Union, East Germany, Cuba, China and North Korea.

"The situation is appalling, we know that much," Potter said. "It is equally appalling that it is being virtually ignored. Public opinion needs to be aroused as a first step towards action and the U.S. Catholic Conference with all its resources can and should start to work to arouse it. I personally pledge our growing organization to do all it can to make Catholics and others aware of the genocide against black Catholics being committed in Equatorial Guinea by a mad Marx-spouting tyrant who would fall in a minute if the Socialist-bloc countries did not support him with money and arms."

CCPA, a national political education and action organization, was formed last year to promote Christian positions on public issues. Further information on the situation in Equatorial Guinea can be obtained by contacting CCPA at 1139 National Press Building, Washington, D.C. 20045.

FACTS ON EQUATORIAL GUINEA

The Country—A former Spanish colony in West Africa independent since 1968. The country (10,832 sq. mi.) consists of a mainland section, Rio Muni, and two islands, the largest of which was formerly known as Fernando Po. It is now named after the President, Macias Nguema. The capital, Malabo, is located on Macias Nguema.

Population—The population was 350,000 at independence. Its number is not known now, but "tens of thousands" have been killed and at least 90,000 refugees are abroad. There are five main tribes.

Religion—95 per cent Roman Catholic. The Catholic Church is now outlawed.

Economy—Chief exports were formerly coffee and cocoa. No measurable quantities of either product are now being exported. It is believed that subsidies from Socialist-bloc countries are the Macias government's only source of income.

Government—Marxist in orientation. At independence, Macias Nguema was elected first President. He assumed total control of government in 1971, was named President-for-Life the following year, is seeking to destroy the one force in the country whose influence can oppose him: Catholicism. U.S. suspended relations in 1976.●

LOS ANGELES COUNTY FEDERATION OF LABOR, AFL–CIO, URGES SUPPORT FOR AIRPORT AND AIRCRAFT NOISE REDUCTION ACT, H.R. 8729

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. ANDERSON of California. Mr. Speaker, a telegram supporting the Airport and Aircraft Noise Reduction Act (H.R. 8729) from the Los Angeles County Federation of Labor, AFL–CIO, will be of interest to my colleagues from southern California and others. I request that it be entered into the RECORD.

The telegram follows:

TELEGRAM

AUGUST 4, 1978.

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

We support H.R. 8729, the Airport and Aircraft Noise Reduction Act. Our support is based on two points—it would allow for quieter aircraft and institute airport noise planning, and it would provide incentive to airlines to retrofit or exchange engines on their aircraft. Nationally, the bill would create between 70,000 and 80,000 jobs and would have significant impact on Southern California's economy. We urge that you get this bill to the floor and hope you support it.

WILLIAM R. ROBERTSON,
Executive Secretary, L. A. County Federation of Labor, AFL–CIO.●

BALANCE(S) OF POWER, BOOK III B (ii)—NATO: SOUTHERN FLANK

HON. JOHN B. BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. BRECKINRIDGE. Mr. Speaker, Friday I inserted the first part of an article by Adm. Horacio Rivero, U.S. Navy (retired), entitled, "Why a U.S. Fleet in the Mediterranean," that appeared in the U.S. Naval Institute Proceedings, May 1, 1977. The conclusion of Admiral Rivero's article appears below:

CONCLUSION

The two (Soviet) helicopter cruisers were the first Soviet ships built to carry both rotary-wing aircraft and facilities for command and control of coordinated ASW operations. They deploy regularly to the Mediterranean from the Black Fleet and apparently were designed primarily to counter the U.S. ballistic missile submarines. The newest major Soviet warship, the *Kiev*, is a true aircraft carrier as defined by the Montreaux Convention but was permitted to transit the Turkish Straits in contravention of that international agreement. A second ship of the class is under construction and additional units will probably follow in the future. Although built with an offset island structure and angled flight deck like U.S. aircraft carriers, they have neither catapults nor arresting gear and thus are limited to operation of helicopters and VSTOL aircraft. These ships are designed to provide a modest degree of air support to ships deployed at a distance from Soviet air bases. They can pose a threat to warships and convoys operating outside the cover of Allied land-based or sea-based air, but they cannot match the offensive and defensive capabilities of the U.S. aircraft carriers.

It is noteworthy that the relatively long-range (200 miles) anti-ship missiles which appeared in the earlier missile ships are giving way in the newer classes of warships to the SS–N–10 missile, having a range of about 35 miles. This clearly reflects Soviet recognition of the limited operational effectiveness of the longer range types, which required the assistance of a second platform (aircraft, surface ship, or submarine) for mid-course guidance and of their vulnerability to modern aircraft, antiaircraft missiles, and rapid-firing guns.

The Soviet squadron is opposed by the ships and aircraft of the U.S. Sixth Fleet, the ships of the other NATO navies, and the aircraft of the NATO air forces. Foremost in importance are the two (at times three) aircraft carriers and the nuclear submarines of the Sixth Fleet, the two French aircraft carriers. Generally the NATO ships are inferior to Soviet ships in offensive armament, only some of the French destroyers being equipped to launch anti-ship missiles. The introduction of the Harpoon missile in the U.S. Navy (delayed by Department of Defense prohibition of anti-ship missile development in the 1960s) will serve to remedy to some extent this deficiency in NATO armament. Most of the deployed U.S. warships, all three cruisers (and four destroyers) in the Italian Navy,

and some of the French destroyers are armed with antiaircraft missile launchers. The French Navy has seven destroyers so equipped. Other NATO warships lack offensive or defensive missile armament.

Frequently the question arises as to the probability of survival of NATO naval forces, especially the U.S. aircraft carriers, when operating in a limited sea area such as the Mediterranean. At the center of the argument is the word "vulnerability." It can be shown without great difficulty that there is no weapon system or platform that is not vulnerable in some degree to some other weapon: tanks to other tanks, aircraft, and anti-tank weapons; aircraft to other aircraft or to antiaircraft missiles and artillery; and ships to naval guns, coast artillery, missiles, aircraft, torpedoes, and mines. But the employment of any force in war is always attended by risks that must be weighed against the gains it is hoped to obtain in a given set of circumstances. The vulnerability of one's own units is a factor in the equation, as are (say) personnel and material deficiencies, inferior strength, inadequate training, or ineffective leadership. They are negative factors that need to be balanced against the positive factors in deciding whether the employment of a force on a mission is wise or will most likely lead to disaster. The determinant is whether one believes the probability of success to be sufficient to overcome the possibility of failure, while accepting some risk of loss of or damage to the units involved.

Naval ships in general and aircraft carriers in particular have been attacked by many uninformed critics, and by some who should know better, as not being able to survive in the presence of land-based air power. This was thoroughly disproved by the record of the U.S. Navy in World War II, during which no full-size attack aircraft carrier was lost to enemy land-based air, although a number suffered appreciable and on occasion temporarily disabling damage. The advent of the nuclear submarine and of the long range Soviet anti-ship missile have been occasions for renewing these attacks.

There is no question that bombs, torpedoes, mines, and missiles are dangerous to ships and that if they hit in sufficient numbers they can heavily damage, disable, or sink the most powerful ship afloat. That is a risk that must be accepted in war operations. But aircraft carriers are not without defenses against these weapons. When properly attended by supporting ships and aircraft and operated in such a manner as to take advantage of their mobility, their warning and defensive capabilities, and their offensive power, they should have a high probability of survival even in a dangerous environment and of carrying out their assigned missions, provided of course that they are not exposed to a situation where the threat is clearly overwhelming. It would be foolhardy to operate any ship without air cover in the presence of enemy air, or without antisubmarine protection in submarine waters, or to parade like the *Eilat* within range of known-enemy missiles. But our arsenal of defensive and offensive means and the toughness built into the larger ships such as aircraft carriers should give confidence of a high degree of survivability in the Mediterranean when ships are judiciously employed.

The Soviet nuclear submarines constitute the principal threat to the carrier forces as well as to other ships. With adequate sea room and a defense in depth which would include the use of our own submarines for clearing operating areas, the vulnerability of our ships to enemy submarines can be reduced greatly. To operate in the Aegean Sea where sea room is limited severely by the presence of numerous islands would be hazardous, at least until the area was sanitized and closed to intruders by the antisubmarine barriers on both sides of Crete. The eastern Mediterranean basin, including the Ionian Sea, on the other hand provides sufficient sea area for well-escorted carriers to operate with reasonable risk. This is true also of the western basin, except for the narrows of the Strait of Sicily where special protective measures would need to be taken before and during transit.

To protect the carrier striking force, a concentrated and intense antisubmarine effort would be required at the initiation of hostilities, aimed at neutralizing enemy submarines then present in the Mediterranean and at preventing their reenforcement through the Strait of Gibraltar or the Suez Canal, U.S. nuclear submarines as well as all NATO ASW-capable ships and aircraft would need to be devoted initially to this task, at the expense of delaying the execution of other missions such as protection of the sea lines of communication.

The missile threat from surface ships would be of greatest concern at the commencement of hostilities, requiring special precautions to guard against surprise attack. This necessitates that during period of tension every missile-firing ship be kept under close surveillance and that suitably armed aircraft patrols be kept on station in their vicinity (but outside their antiaircraft missile range) ready to neutralize the missile batteries and to destroy the first missiles fired, at the first sign of hostile action. Once hostilities commenced, the destruction of the missile ships would demand first call on the carriers' resources, but for a relatively short period of time.

The manned bomber threat in the Mediterranean appears manageable under present circumstances. Long-range bombers operating from Soviet Black Sea bases, although possessing sufficient combat range to reach most of the Mediterranean, must traverse distances that are too long for effective fighter escort, and would need to penetrate and overfly the NATO air defenses in Turkey, Greece, or Italy, which should provide both early warning to our forces and heavy attrition of the unescorted bomber formations. Soviet aircraft flying from Syrian air bases could pose a threat in the Eastern Mediterranean; should Syria be actively aligned with the Warsaw Pact those bases would need to be neutralized at the commencement of hostilities.

Allied shipping would need either to take refuge in port or to remain outside the Mediterranean until sufficient attrition of the submarine threat and elimination of the enemy surface forces made commencement of a convoy system feasible, perhaps not earlier than two weeks after hostilities commenced. Aircraft carrier and logistic support ship screens would require augmentation by all available NATO cruisers, destroyers, and frigates in order to ensure survival of the striking forces during the critical initial phase. During this period, which could last two or three days, the carriers would be heavily engaged in eliminating the Soviet missile-firing surface ships and neutralizing land-based air in the Mediterranean that might pose a threat to them. Once this was accomplished the carriers would be able to devote their entire effort to the land-air battle for defense of NATO territory, and the ships of the other NATO navies to the protection of the sea lines of communication from the remaining threats of all sorts, for one should not anticipate during the early days to do more than to reduce the enemy threat, not to eliminate it.

THE DEFENSE OF THE NATO SOUTHERN REGION

The Southern Region, one of three components of the NATO Allied Command Europe, embraces Italy, Greece, Turkey, and the Mediterranean and Black seas. It is an isolated theater of war, separated from the Central Region by the territory of neutral Switzerland and Austria. This has important military consequences for the defense of the region, requiring reliance on the Mediterranean Sea as the primary or, in the event that France does not choose to participate in Allied military operations, the only avenue for reenforcement and supply of the military forces and for support of the economies of the NATO countries. It is not likely that France could remain aloof in the event of an attack on Germany or possibly one on Italy, but there is serious question whether an attack on Greece or Turkey would result automatically in French military participation. For the defense of these two countries and possibly for that of Italy, therefore, military plans must discount the use of French forces, air space, or territory.

In addition to being isolated, the Southern Region is geographically fragmented. Italy, Greece, and Turkey each occupies a peninsula jutting into the Mediterranean, so that mutual support of those countries' land forces, except in the narrow area of Thrace, depends on movement by sea. This puts a premium on control of the sea, and makes tactical land operations heavily dependent on the success of naval operations just as they are, by the very nature of modern warfare, on that of air operations.

The land defense is also heavily influenced by the topographical features of the theatre. In northern Italy the frontier with Austria, which would be open to attack through violation of that country's neutrality, is characterized by mountainous terrain with deep defiles providing avenues of approach outflanking the major defenses on the frontier with Yugoslavia. In the latter the commanding positions in the Julian Alps lie beyond the border, as do those overlooking Trieste, which is connected to the rest of Italy by a narrow strip of land. Naval support from the Adriatic Sea adds strength to the defense of the entire area, and only through control of the Adriatic is it possible to plan on a successful defense of Trieste. That, in turn, depends on a favorable air situation.

In northern Greece the left flank of the defenses rests on the Ionian Sea, the right flank on the lower course of the Maritza River and its outlet on the Aegean Sea. The narrowness of Greek Thrace, at one point only 12 miles wide between the Bulgarian frontier and the sea, makes naval control of the Aegean indispensable for supply and reenforcement of the forces defending the eastern sector of the Greek lines.

The entire northern coast of Turkey from the Bulgarian frontier in Turkish Thrace to the Russian border in the east is vulnerable to amphibious attack. Given the overwhelming Soviet naval and air superiority in the Black Sea, the defense depends heavily on submarines and fast patrol boats to thwart the landings and on sea mines and shore-emplaced naval artillery to prevent forcing of the Turkish Straits.

Surface and submarine naval operations thus have a direct impact on operations on land, in both the strategic and the tactical senses. Additionally, naval air operations play a crucial role in territorial defense. The air forces of the three NATO countries in the Southern Region are supported by units of the U.S. Air Force in northeastern Italy and south central Turkey. Even so, they are inferior to those of the Warsaw Pact confronting them in both quantity and modernity. Faced with a corresponding numercial inferiority on the ground, the defending forces depend heavily on outside air support to slow the advance of invading armies and to make tenable their prepared defensive lines. Air reenforcements at an early stage of the battle are essential to prevent the enemy overruning their defenses, particularly in Greek Thrace where lack of depth does not permit trading space for time.

In this critical situation the modern tactical aircraft of the U.S. Sixth Fleet, which can carry substantial loads for considerable distances, offer the only hope of early reenforcement and of survival of the local forces in the first stages of the defensive battle. For

this reason, whether operating in the Aegean, the Ionian, or even south of Crete, the Sixth Fleet must be counted as an essential component of NATO defense of the land. Reduction of its aircraft carrier strength in peacetime, as has been proposed a number of times in recent years in order to reduce deployments or increase flexibility, could only have disastrous consequences for the war-time NATO scheme of defense in the south-eastern sector. Rather it is necessary that in periods of crisis the carrier number be augmented in order to permit creation of a more favorable air situation for the defending forces at the commencement of hostilities. With additional carrier strength the Sixth Fleet can devote a portion of its air effort to support of the land-air battle from the start, while simultaneously pursuing the immediate destruction of those enemy surface forces which pose a direct threat to it. Without this carrier reenforcement a short but critical period will ensue during which defending land and air forces will find themselves hard pressed by superior invading forces enjoying a favorable air situation. Land-based air reenforcements from the United States should be able to arrive in the theatre and, with excellent logistic support either flown in or already on hand, be ready to participate in the air battle within a period of about ten days. But only sea-based air can fill the breach until those reenforcements can redress the air balance.

The above discussion is premised on a concerted Warsaw Pact offensive against the entire Southern Region as a part of a major military confrontation with NATO, and one in which recourse to strategic nuclear weapons is withheld. The cataclysmic consequences of a war that would involve use of those weapons impose a high degree of restraint on the Soviet Union as to the level of the military spectrum which it can rationally choose to seek a decision by the force of arms. Resort to tactical nuclear weapons is also fraught with great danger. The ambiguity as to intent of escalation which accompanies their use would create a dangerously unstable and probably uncontrollable situation. For these reasons conventional war is the least risky and therefore the most likely mode of warfare for the Soviet Union to adopt in initiating a confrontation on the battlefield with the West.

The overall balance of conventional forces between NATO and the Warsaw Pact, even allowing for the substantial forces that the Soviet Union must devote to keeping China in check, is heavily weighted against the West, yet not sufficiently to present the Soviets with the assurance of gains at small risk in a general attack on NATO Europe, or even in a limited attack on the Central front. The presence of U.S. land and air forces in Germany which would immediately be involved, and the shadow cast by U.S. strategic nuclear power, act as effective checks on that type of Soviet adventurism.

In the South, however, a situation exists which is unstable both politically and militarily and is therefore dangerous. Dissension between Greece and Turkey, and recent disaffection of both toward their NATO allies, provide a favorable setting for Soviet efforts politically to weaken the Alliance by encouraging an independent line in Turkey. The political instability which will reign in Yugoslavia following the death of Tito, and which probably will result in some degree of Soviet influence or control over part or all of that communist country, will increase the danger to both Greece and Italy. In Italy itself penetration of the powerful communist movement into the government and its armed forces can only weaken both its means of defense and its willingness to fulfill its NATO obligations.

Greece, having in a moment of pique withdrawn its armed forces from the military structure of the Alliance, has weakened its own security, which depends so heavily on the cooperation of its Turkish neighbor as well as on the military assistance of its other NATO allies. Greece finds itself in a dangerously exposed position, facing a well-armed Stalinist Bulgaria with irredentist claims on Thrace and accompanying visions of regaining its previous access to the Aegean Sea, ambitions which would fit well into Soviet Russia's plans. A situation exists in this area favorable to Soviet adventurism, one which offers the prospect of great gains at relatively low risk of direct confrontation with the major powers of the West. A quick Soviet-inspired thrust by Bulgarian forces across the narrow neck of Thrace would be most difficult for the weak Greek local forces to withstand; only the possibility of Turkish counteraction against Bulgarian territory and the prospect of U.S. Sixth Fleet involvement in support of the Greek forces serve as deterrents to such hostile action in which Soviet forces would not be directly involved. The current state of political hostility between Greece and Turkey might tempt the Soviet Union and its Bulgarian surrogate to conceive of circumstances in which Turkish response to an attack on Greece could be discounted. Under such circumstances the burden of deterrence of Bulgarian aggression would rest entirely on the Sixth Fleet.

In a NATO context, therefore, the Sixth Fleet is much more than the earnest of a frequently reaffirmed commitment by the United States to come to the defense of Southern Europe. It is that, of course, but it also constitutes a sizable and essential fraction of the modern air power that makes the territorial defense of the area credible and viable; it provides the critical nuclear submarine and naval air components without which successful defense of the sea lines of communication against the Soviet naval threat would not be feasible; and it serves as a deterrent to Soviet adventurism.

Reduction in the strength of the Fleet would materially reduce the military strength of NATO. Its withdrawal from the area could only result in further loosening of the cohesion of the Alliance in the south as individual nations, facing the new realities of the local power balance, would be forced to seek some accommodation to the policies and the desires of the Soviet Union. Turkey, sharing a frontier with Russia and feeling the latter's military pressure in the East, across the Black Sea, and in the Eastern Mediterranean, would be the most exposed and could expect the revival of Stalin's demands for the cession of the provinces of Kars and Ardahan and for sharing the control of the Turkish Straits. Worst of all, the credibility of the United States commitment to NATO would be eroded. It is this public commitment and not the words of the Atlantic Treaty which binds NATO together. The NATO countries in the Mediterranean are well aware that in spite of the wording of Article 5 of the Treaty that "an armed attack against one—shall be considered an attack against them all," each ally reserves to itself the decisions as to what action "it deems necessary" to take in the event of an attack remote from its frontiers. They also recognize that only the United States possesses the military, political, and economic strength to be able to render effective assistance.

THE SIXTH FLEET AND U.S. NATIONAL INTERESTS

The Sixth Fleet obviously has usefulness as an arm of United States policy independent of its great value to NATO. U.S. interests in the Mediterranean and the Middle East, although generally congruent with those of our NATO allies at times diverge from theirs and, even when interests coincide, differences exist in the national policies in support of them. It is primarily for this reason that naval as well as other military forces (except air defense forces which must be available instantly in order to be useful) are retained under national command in time of peace and are committed, not assigned, to the NATO commands. Furthermore, each nation retains freedom of action by reserving to itself the decision as to when assignment to NATO command will take place.

U.S. national interests in the Mediterranean-Middle East are both political and economic in nature, as well as military. In the economic area we have seen how extensive is the U.S. commercial involvement in almost every Mediterranean country. Protection of commerce in peacetime, however, is no longer, as it was in the earlier centuries, a sufficient reason for maintaining a naval presence in an area. Germany's commercial predominance has not called for a German naval presence in the Mediterranean; Great Britain has withdrawn its Fleet although its commercial interests have not decreased materially. It is the combination of political and military factors which primarily determine the requirement for a naval presence. The missions which the naval force is to accomplish, tempered by fiscal considerations, availability of resources, and the pull of other commitments, determine its size and composition.

Except for temporary increases, usually at a time of crisis or for special training exercises, the size and composition of the Sixth Fleet have remained essentially constant since 1951, when our active aircraft carrier inventory first permitted continuous deployment of two to the Mediterranean. At least one carrier group had been present in those waters since 1947, and some form of naval presence since shortly after World War II ended. A two-carrier force, supported by cruisers, destroyers, and frigates, a small amphibious unit, logistic support ships, and a variable number of submarines, has been the normal composition. It is a powerful force, yet marginal in strength for the missions it is expected to perform in the earliest stages of a war. A more suitable force would be one which included at least three aircraft carriers, giving it a capability to conduct continuous, round-the-clock air operations for extended periods. In addition to the aircraft carriers there should be about sixteen cruisers and destroyers armed with both anti-ship and antiaircraft missiles as well as ASW weapons, ten to twelve nuclear-powered submarines, an amphibious group with a landing force of regimental combat team size, sufficient logistic support ships for sustained support of operations with minimum dependence on short bases, two squadorns of long-range ASW aircraft, and a number of minor supporting vessels for patrol and mine warfare. It is clear, however, that our current and prospective resources and the world-wide commitments of our Navy do not permit us to maintain a Mediterranean deployment of that magnitude under routine circumstances and that the current size of the Fleet is probably close to what we can afford without overstraining our material and personnel.

Contrary to much lay opinion the size of an "adequate" Fleet is not determined primarily by the size of the Soviet Mediterranean Squadron, but by the missions that the Fleet will be required to perform. Neutralization of the Soviet squadron is naturally one of these missions, but it is incidental (albeit necessary) to the performance of the wartime offensive missions of control of sea areas, support of the land-air battle, and projection of power from the sea against the enemy's homeland. These, and the peacetime mission of supporting U.S. diplomacy, are what justify the Fleet's presence in the Mediterranean, whether or not there is also a Soviet presence there. For this reason numerical comparisons between the Sixth Fleet and the Soviet squadron have a high degree of irrelevance. The presence of the Soviets, however, does have strong influence on the composition of the Fleet, and, for example, calls for stronger submarine and

antisubmarine components than otherwise would be necessary.

The events in Europe and the Middle East since the end of World War II have been witness to the role played by the U.S. Navy and its deployed Fleet in furtherance of national policy. The earlier years were dominated by concern over Soviet designs affecting the security of Greece and Turkey, and the formation of a viable NATO defensive structure in the Mediterranean. Since the establishment of the state of Israel the Middle East has moved to the center of national attention, without diminution of the earlier concerns. The equivocal position of Yugoslavia, Albania, and some of the North African states has added to national preoccupation over the area. Developments in Yugoslavia in 1948, Jordan in 1957 and 1970, Lebanon in 1958 and 1975, and Cyprus in 1963, 1967, and 1974; the Suez crisis of 1956; the overthrow of the Libyan monarchy in 1971; and the repeated wars between Israel and the neighboring Arab states in 1948, 1956, 1967, and 1973 have all been occasions where the presence of a naval force has supported U.S. diplomatic activity, in almost every case independently of the policies or actions of our NATO allies. The extent to which that presence influenced the actions of political leaders in each instance is a matter of speculation, but there is little doubt that they were affected to some degree and in some instances, as in the case of Lebanon in 1958, it was decisive. One thing is certain: the stand taken by the United States to the effect that the Soviet Union will not be permitted unilaterally to determine the outcome of events in the Middle East has been given a high degree of credibility by the presence in the area of a strong naval force acting as the visible spearhead of U.S. military power and capable of intervention on short notice if required.

The loss of many U.S. bases overseas and political problems attendant on the use of those remaining have limited to some extent the usefulness of other than sea-based forces in crisis situations. This is particularly true in the Mediterranean, where the Sixth Fleet remains the only usable U.S. military power in situations calling for display of force, evacuation of imperiled U.S. nationals, or direct military assistance to a friendly state. Under the shadow of this tangible evidence of U.S. military power it is easier for a Tito to defy the Soviet Union with impunity, for Egypt to break its ties to its former communist sponsor, and for Israel to have confidence that it will not be abandoned in its struggle for survival, than if there were no such power.

In international affairs psychological factors play a part which should not be underestimated. Confidence or fear, uncertainty as to the reliability of allies, assessments of the relative strength of usable military power in the hands of friend and foe, all influence national morale and the actions of political leaders. A strong, friendly military presence serves to bolster courage and determination in a time of crisis affecting the national survival. This is a function which navies have performed from time immemorial and which in the current period is one of the most important contributions of the Sixth Fleet to the peace and security of the Mediterranean. This is a reason, outside of NATO, why it is necessary for the United States, the leader of the Western world, to continue to maintain a strong and well-balanced naval force in the Mediterranean, the pressures for reduction or removal notwithstanding.

What this signifies to our allies and other friends is well exemplified by a remark made to the author some years ago by the Greek foreign minister Mr. Pipinelis who, pointing to a U.S. aircraft carrier and several destroyers anchored in Phaleron Bay said: "Admiral, I sleep better at night because those ships are there."●

COMMONSENSE COMMENTS ON CAPITAL, JOBS, AND PROSPERITY

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. RUDD. Mr. Speaker, one of the Nation's keenest business minds is Fred Hervey—a man who has provided thousands of Americans with jobs, and millions of Americans with products and services, because he is a visionary who has understood and practiced the great principles of our American productive enterprise system.

Mr. Hervey realizes that private business and industry can only get started and grow—thus creating jobs, products, and services for the people that in turn create additional jobs and income for our citizens—if investors provide the necessary capital to allow this economic activity to take place and keep rolling.

However, big Government growth and overburdensome taxation over the years have greatly reduced and stifled this needed investment. Economic growth has slowed down, and stopped creating new jobs in many sectors of our economy. Taxation must be reduced in order to allow the people to retain more of their income, so that capital investment will again be encouraged to stimulate jobs creation.

Mr. Hervey writes a weekly column for a number of newspapers, in Arizona and elsewhere around the country, where he talks "common sense" about the wonders of the American productive enterprise system, of which he is an important factor.

One such column recently spoke about the importance of capital, jobs, and prosperity. We would do well to heed its timely and cogent analysis. I would like to include the column at this point in the RECORD:

[From Today/Sun, July 26, 1978]

CAPITAL, JOBS, AND PROSPERITY

(By Fred Hervey)

Most Americans understand it takes investment to produce jobs. Most Americans also know, in addition to the fighting ability and bravery of our Armed Forces, that the production machinery and our industry produced the materials that won World War II.

During World War II we built up a tremendous stockpile of gold and after the war, each year we had a 4 or 5 billion dollar trade surplus, which we used in the Marshall Plan to save the economy of the world.

Two principal benefactors of this aid were 2 adversaries in the war, Germany and Japan. We taught them, and they learned well the rules of building industry and a modern business environment. Their Governments and people learned to respect and help to build their business world.

Let us look at three tables:

TABLE I

[In percent]

Business Investment as a percent of GNP	Average Annual percent Increase in Productivity	Average Annual percent Increase in Real GNP	Maximum Capital gains tax
Japan ---- 32.0	8.4	8.3	0
Germany -- 24.8	5.5	4.0	0
U.S. ------ 17.5	2.7	3.5	49.1

TABLE II

U.S. Figures Annual percent of change

Average of Five Years Ending in:	Real Business Investment	Real Gross National Product	Unemployment Rate
1968 --------	8.0	4.8	4.2
1973 --------	3.9	3.3	5.0
1977 --------	1.7	2.7	6.7

TABLE III

	Maximum Capital Gains Tax Rate	Average of 5 Years Ending on Year Shown Inflation	Federal Deficit Average of 5 Years Ending on Year Shown (Billions)
1968 --------	25.0	2.6	$(4.7)
1973 --------	45.0	5.0	$(9.9)
1977 --------	49.1	7.7	$(38.2)
1979 --------	52.5*	?	?

* Per the administration tax reform proposal.

In a free enterprise capitalistic system, capital is a vital component for it to work. In my opinion to stimulate and get our economy and system back in shape, these moves would be most helpful:

1. Reduce the short-term capital gains tax to its former rate of 25 percent lower that rate to 0 for assets held over 10 years.
2. Stop government deficit spending.
3. Moratorium on government regulations that increase the cost of our goods for world trade.
4. Stop double taxation of dividends at the individual level of income.
5. Government promotion of the peoples' understanding that the well-being of our business community is the necessary ingredient for the individual's welfare under the free enterprise system.

If you believe these suggestions make sense, why not write your congressman.●

DR. MICHAEL K. EVANS OF CHASE ECONOMETRICS HAS PROVED THAT INCOME TAXES PAID BY THE WEALTHY ROSE DRAMATICALLY AFTER TAX RATES WERE LOWERED IN THE KENNEDY-JOHNSON YEARS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. KEMP. Mr. Speaker, one of the points of contention in the current debate over the Tax Rate Reduction Act, usually referred to as the Kemp-Roth bill, is whether lowering the income tax rates will generate more tax revenue by increasing the reward for work, savings, investment and risk-taking.

Opponents of Kemp-Roth argue that reducing income tax rates will reduce tax revenue, some arguing that it will reduce it in almost exactly the same proportion as the size of the rate reduction.

There are the arguments of Walter Heller in his Wall Street Journal guest editorial; the Congressional Budget Office study and rewrite of criticisms of Kemp-Roth released by our colleague from Connecticut (Mr. GIAIMO); the study by a specialist in taxation and fiscal policy, Donald W. Kiefer, at the Library of Congress, read into the rec-

ord by our colleague from Ohio (Mr. VANIK).

Proponents of Kemp-Roth, on the other hand argue that by restoring incentives to work, saving, investment and risk-taking, people will come out of tax shelters into taxable economic activity; that they will work, save, invest and risk human and dollar capital; that the total tax base from which tax revenues are drawn will be increased thereby; and that tax revenues will increase dramatically over the static estimates given by the opponents of the legislation, rising at some point close in time to offset the initial revenue loss and to expand tax revenues to a level greater than they had been theretofore.

These are the conclusions of some of the best econometric models in the country; of the economists who are rethinking the relationships between human and economic behavior and are therefore having the first really new thoughts in the profession in years; of Dr. Paul Craig Roberts in his convincing Wall Street Journal editorial refuting Walter Heller's; and of an article appearing in this morning's edition, authored by Dr. Michael K. Evans, president of Chase Econometric Associates, Inc., and a noted authority in the field of analyzing income taxes paid, levels of tax revenue, arising from changes in the tax code.

Dr. Evans has made a major contribution to the debate in this House on what we ought to do when the Kemp-Roth bill's individual income tax rate reductions are offered as an amendment to H.R. 13511, the revenue bill reported by the Committee on Ways and Means.

Dr. Evans, after analyzing the tax revenue consequences of the individual income tax rate reductions proposed by President Kennedy in 1963 and enacted after his death, has concluded:

After virtually no growth in taxes collected from personal incomes over $100,000 for three years, actual income taxes paid rose dramatically beginning in 1964, when personal income was taxed at significantly lower rates.

One of Dr. Evans' points here is that by lowering income tax rates, these people were in fact drawn into more economic activity, were drawn out of tax shelters, and the Treasury did receive more revenue than it otherwise would have received. The point is crucial, because Dr. Heller, Dr. Kiefer, Mr. GIAIMO, Mr. VANIK, and others have said that tax revenues following the Kennedy cuts were not higher than they would have otherwise been.

Dr. Evans' article should be read by every Member. It follows:

TAXES, INFLATION AND THE RICH

(By Michael K. Evans)

Increasing numbers and economists have recently suggested that massive tax cuts would cure the ailments of the U.S. economy by increasing productivity, raising incentives and hence expanding aggregate supply. The idea of supply-side incentives has been embodied in proposals like the Steiger amendment to cut capital gains taxes and the Kemp-Roth bill for an across-the-board tax cut.

These bills, and the new supply-side thinking, raise issues that sound startling in the context of contemporary economic thought: Is it possible to cut taxes without spurring inflation? And is it possible to cut taxes, or at least certain taxes, without even reducing total revenues received by the federal Treasury?

The historical record clearly indicates that the rate of inflation is inversely proportional to the gap between actual and maximum potential GNP. So measures that raise potential GNP would reduce inflation at the same time they increase economic growth. Measures that succeeded in expanding the gap by raising potential would clearly offer greater benefits to society than the traditional remedies of fiscal and monetary restraint, which expand the gap by reducing aggregate demand.

HOW A TAX CUT REDUCES INFLATION

In order for a tax cut to reduce inflation, it must increase maximum potential GNP faster than actual GNP. This is accomplished only by raising the investment ratio or by increasing incentives to work because a larger proportion of income will remain after taxes. Not all tax cuts accomplish this. A tax reduction of $50 per person, for example, would have no measurable effect on productivity or incentives, so it would not raise potential GNP. However, it would increase actual GNP, hence reducing the gap and raising the rate of inflation.

Thus the other extreme, a reduction in corporate income taxes or capital gains taxes would initially affect investment, thereby leading to the desired effect on productivity and total supply. While actual GNP would obviously rise because of higher capital spending, the gap would increase, thereby reducing the rate of inflation. A number of studies by Chase Econometrics and others have already shown the salutory impacts of business tax cuts.

The question of personal income tax cuts, which has become particularly relevant in view of the increased interest in the Kemp-Roth bill, is a much more difficult one to answer. While it may be theoretically appealing to argue that a reduction in personal income taxes encourages an individual to work harder and thus increase both his pre-tax and aftertax income, little evidence has been assembled either to support or disprove this hypothesis.

One of the major problems is measuring the amount and intensity of work offered by an individual taxpayer. However, a reasonable proxy variable is the amount of income taxes paid by this individual. Thus we can examine what happened to federal personal income taxes by income classification in the years following major tax cuts. These occurred in the mid-1920's, under Treasury Secretary Andrew W. Mellon, and in 1964–1965. It is interesting to examine both of these periods in some detail.

Before the U.S. entered World War I, the maximum tax rate on personal income was 15%, but this rate rose dramatically to a peak of 73% in 1918 and succeeding years. It was then cut to 55% in 1922 and 25% in 1926. It is instructive to learn what happened to taxes paid by millionaires—that group which has been singled out by President Carter and Treasury Secretary Blumenthal as unworthy of further tax relief. To adjust for the differentials caused by inflation, we consider those taxpayers with incomes over $300,000 in 1922 and in 1927, although even this adjustment is an understatement of the true effects of rising prices. In 1922, this group paid taxes of $77 million, while in 1927, the year after the second reduction in rates, its members paid a total of $230 million. Not only did the economy benefit significantly, but the millionaires themselves paid three times as much in taxes with lower rates.

It could be argued that the Mellon tax cut results, while instructive, are not relevant today since the institutional structure and income distribution of the U.S. economy are far different now than they were in the 1920s. However, we need not be restricted to a reading of "ancient history" in our determination of how a reduction in top bracket rates might affect overall revenues. Fortunately we can rely on the figures before and after the Kennedy-Johnson tax cuts of 1964.

As most readers will recall, the top rate was reduced from 91% in 1963 to 77% in 1964 and 70% in 1965 and later years. The figures for actual income tax paid for the period 1961–1966 for taxpayers with incomes of $100,000 or more are taken from "Statistics of Income" and are reproduced in the accompanying table.

After virtually no growth in taxes collected from personal incomes over $100,000 for three years, actual income taxes paid rose dramatically beginning in 1964, when personal income was taxed at significantly lower rates

	1961	1962	1963	1964	1965	1966
Maximum tax rate	91%	91%	91%	77%	70%	70%
	[In millions]					
Taxes[1] collected from income classes of						
Over 1,000,000	$342	$311	$326	$427	$603	$590
500,000–1,000,000	297	243	243	306	408	457
100,000–500,000	1970	1740	1890	2220	2752	3176

[1] Adjusted gross income.

The results are so clear-cut that it is surprising that these figures have not previously been introduced as evidence in favor of Kemp-Roth. After virtually no growth in income taxes for incomes over $100,000 for three years, actual taxes paid rose dramatically beginning in 1964 even though income was taxed at significantly lower rates. In the case of individuals earning over $1 million per year, taxes collected actually doubled in the two-year span during which the tax rates were being lowered. For income classes under $100,000, taxes either fell or rose less than the average growth in total personal income.

These results, which represent a remarkable rebuttal of those who argue that upper-income tax cuts are a "raid on the Treasury," indicate that a further reduction from 70% to 50% would not only spur economic growth and increase aggregate supply, but would actually assure the Treasury of greater tax revenues. The argument for upper-income tax cuts is almost as watertight as the argument for lower capital gains taxes.

The more extreme proponents of Kemp-

Roth have sometimes seemed to suggest that this phenomenon occurs at all income levels. It does not, as can be seen by a perusal of the complete "Statistics of Income" figures, and by the fact that aggregate personal income tax collections did decline from $51.5 billion in 1963 to $48.6 billion in 1964. This should come as no great surprise: The effects on individual incentives and supply of labor are undoubtedly much greater where taxes are highest—at the upper income levels rather than for the typical wage earner.

FLEXIBILITY FOR UPPER INCOME GROUP

Furthermore, just as has been shown in recent work on capital gains taxes, upper-income individuals have far greater flexibility in arranging the income for their assets in the form of tax-free or tax-sheltered income when tax rates are at punitively high levels. The risks of unreported income becomes relatively much smaller when tax rates are near 100%, and the lure of diverting earnings to foreign countries becomes much greater.

Thus if the Treasury wants to collect more revenues, it will lower the highest marginal tax brackets. Only if it wants less revenue and poorer economic growth so badly that it is willing to penalize all those "millionaires" will it push for higher upper-income tax rates.●

THE ROTH-KEMP TAX BILL

HON. EDWARD W. PATTISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. PATTISON of New York. Mr. Speaker, when the Revenue Act of 1978 comes to the House floor on Thursday, August 10, the Roth-Kemp bill, H.R. 8333, will be offered as a substitute. If the Rules Committee allows the Roth-Kemp bill to be offered—and I would urge that it do so in order for the issue to be fully debated—I would urge my colleagues to oppose it.

This year will probably go down in history as the year of the tax revolt. In many respects, this is a good thing. None of us in Congress can say that our taxing and spending policies do not need greater scrutiny. But this does not mean that we can enact tax cuts and tax reforms without carefully analyzing their probable effects. Regardless of the political pressures which each of us feel, we betray our public trust when our votes reflect election year posturing rather than a genuine concern for social fairness and our country's prosperity.

The Roth-Kemp bill will, over the next 3 years, cut individual income taxes by $98 billion and corporate taxes by $15.5 billion. Tax cuts of this magnitude are appealing, especially in an election year. I only wish the proponents of Roth-Kemp could prove to me that their proposal will not ruin the American economy. I could then vote for H.R. 8333, and life would be much easier.

Those who advocate Roth-Kemp have introduced us to the "Laffer Curve." This is economist Arthur B. Laffer's theoretical diagram which demonstrates that increased tax rates cause an increase in Government revenues up to a certain point, but after that point, taxes begin to take such large portions of individual income that people lose the incentive to work, save, and invest. As people work and produce less, there is less wealth to tax, and even with higher tax rates, less revenue is collected.

On the other hand, Roth-Kemp advocates claim, decreasing the tax rate gives people incentive to work harder and invest more, thereby increasing production. Thus, even at lower tax rates, more revenue is collected. The tax cuts enacted during the Kennedy administration, and the subsequent rise in tax revenue and national wealth, are given as examples of the theory's validity.

The Laffer Curve is often spoken of as a new breakthrough in economic thinking. However, it merely restates what every businessman knows: Up to a point, you can increase total revenue by raising your prices. After that point, sales drop off to such an extent that total revenues decrease.

People who run companies make it their business to know what price will yield the maximum revenue for each product line, and do not raise prices beyond that point. They have the advantage of the market quickly determine the point at which a price rise results in negative effects. Sadly, in Government, we do not have the advantage of the same feedback mechanism. It is one of the oldest problems of Government.

In my view, the theory behind Roth-Kemp has several flaws. First of all, though the Kennedy tax cut did appear to successfully stimulate the economy, there are serious questions as to what really caused the economic expansion of that period. In fact, Walter Heller, one of the principal architects of the Kennedy tax cuts, wrote in an article published in the Wall Street Journal on July 12:

> To attribute to the 1962–64 tax cuts all the expansion and revenue increases experienced in 1963–68 boggles the mind. Among other things, it totally ignores (1) the huge (over-) stimulus of Vietnam expenditures and (2) four payroll tax rates and base increases in those years as well as $6 billion of revenue from the 1966 Tax Act.

Thus, we are deluding ourselves and the American people if we claim that we can magically reenact the economic expansion of the 1960's, when inflation was very low, and the economy had a large amount of unused capacity with which to absorb the new demand without inflationary effects.

In order for tax revenues to increase, as supporters of Roth-Kemp project, the Gross National Product would have to rise by $550 billion, or 20 percent. We can cut taxes overnight. Roth-Kemp phases in tax reductions over a 3-year period. Unfortunately, increasing productive capacity is neither so easily nor so quickly accomplished. And if H.R. 8333 becomes law, and we do not increase our productive capacity by one-fifth over the next 3 years, we will experience a rapid increase in the inflation rate. This will be caused by an increase in spendable income which is not matched by an increase in the production of goods and services.

Furthermore, it is assumed by Roth-Kemp supporters that taxpayer will use their tax cut to increase their production. It seem just as likely to responsible economists that many taxpayers will use the extra income created by a tax cut to increase their leisure time, rather than to increase their working time. This has been the case in recent years.

I am also concerned that the massive tax cuts provided for in H.R. 8333 will reverse the progress we have been making in recent years to cut back on the Federal deficit. The 1976 deficit was $66.4 billion. In 1978, we kept the deficit down to an estimate $52.1 billion, and for 1979, the deficit is projected to be approximately $43 billion. This is in spite of the fact that inflation has been at between 6 and 8 percent during that time, which would have predicted an increase, not a decrease, in the deficit. These gains will be more than wiped out by Roth-Kemp unless we are willing to make equally massive cuts in Federal spending, and the resulting deficit will exacerbate an already intolerable inflation rate. In 1979, we could expect a deficit of $70 billion with Roth-Kemp, rising to $100 billion in 1980 and higher in 1981.

Unfortunately, such massive spending cuts will be almost impossible to achieve, because huge portions of the Federal budget are "offi limits" as far as many Members of Congress are concerned. There are simply too many Members of this body who blindly vote for every new weapon the Petagon or the Armed Services Committee requests; for every new public works project, no matter how wasteful, that will bring Federal money into a colleague's home district; and for every increase in a program advocated by some well-organized, well-financed pressure group. We simply cannot enact the Roth-Kemp bill until we are able to cut every aspect of the Federal budget with the same enthusiasm that we have for cutting social welfare programs.

But the supporters of Roth-Kemp avoid the problem of making the politically difficult choice of saying where the cuts will occur. Indeed, they say that no cuts will be necessary because so much new revenue will be generated. How convenient—all pleasure and no pain—a politician's heaven.

My final objection to the Roth-Kemp bill is that it is aimed to provide the most benefit to upper-income taxpayers. The Treasury Department estimates that 86 percent of the tax reductions would go to those earning more than $30,000; 53 percent of the benefits would go to those earning over $100,000.

If we have the opportunity to vote on Roth-Kemp, I hope my colleagues will have the wisdom to vote no.●

POUGHKEEPSIE RAIL BRIDGE AMENDMENT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. GILMAN. Mr. Speaker, I would like my colleagues to be aware that I have introduced an amendment to the Regional Rail Reorganization Act on be-

half of myself and the gentlemen from New York (Mr. FISH, Mr. LUNDINE, Mr. MCHUGH, Mr. OTTINGER, and Mr. PATTISON), the gentlemen from Connecticut (Mr. COTTER, Mr. DODD, Mr. GIAIMO, Mr. MCKINNEY, Mr. MOFFETT, and Mr. SARASIN), the gentlewoman from New Jersey (Mrs. MEYNER), and the gentleman from Pennsylvania (Mr. MCDADE).

The proposal amends the Regional Rail Reorganization Act amendments, H.R. 12161, as follows:

SEC. 4. (a) The Consolidated Rail Corporation shall (1) carry out such reconstruction of the railroad bridge over the Hudson River at Poughkeepsie, New York, as is necessary for the purposes of this section and make appropriate repairs and improvements in rail yards and tracks which service the rail system using such bridge, (2) restore freight service on such system at least to the extent provided prior to the fire damage to such bridge in 1974, and (3) take appropriate steps to promote the use of such system.

(b) There is authorized to be appropriated to the Secretary of Transportation not to exceed $9,000,000 for making payments to the Corporation to cover costs incurred pursuant to subsection (a)(1).

Mr. Speaker, this amendment is identical to the one introduced by the distinguished senior Senator of Connecticut (Mr. RIBICOFF) last week, and which was passed by the Senate prior to passage of the legislation. The amendment in the Senate was supported by the distinguished Senators from New York (Mr. JAVITS and Mr. MOYNIHAN) and the distinguished junior Senator from Connecticut (Mr. WEICKER).

I can understand the hesitancy of some of my colleagues about interfering in the management of ConRail. However, we realistically have to face the fact that ConRail—which is approaching Congress hat in hand to subsidize their ever-mounting deficits—has not only been dead wrong in this instance, but is even refusing to listen to the facts.

The salient facts regarding this bridge can briefly be summarized as follows:

(a) The roadbed of the Poughkeepsie rail bridge was rendered impassable by fire in May 1974. This should not be considered justification for shutting down the route, as ConRail is attempting to do;

(b) The State of New York, the State of Connecticut, and the insurance settlement for the fire could have paid most, if not all, the expense of repair several years ago, but ConRail turned up its nose at these offers of assistance;

(c) The bridge is the shortest route between Southern New England, Southeastern New York, Long Island, and Metropolitan New York, and the rest of the nation;

(d) The bridge avoids an unbelievable 150-mile detour to and through the overburdened Selkirk rail yards just outside of Albany;

(e) The Selkirk yards are now so overburdened that unconscionable delays and losses are experienced by rail shippers;

(f) The Poughkeepsie Bridge is the major gateway for coal from the coal-producing states of Pennsylvania, Kentucky, West Virginia, and Virginia. The energy crises facing the great industrial Northeast have brought home to all of us the importance of coal to our energy-producing utilities;

(g) The restoration of this bridge was recommended by the U.S. Railway Association's final system plan, and ConRail's disregard of this recommendation makes a mockery of our rail system;

(h) The Poughkeepsie Bridge, being the only rail crossing over the Hudson River south of Albany, is of importance to our National Security.

(i) The Selkirk Rail yard is frequently closed due to bad weather;

(j) Former and potential rail traffic in Southern New England and Southern New York has been lost to truckers, and industry itself has left the area in search of viable transportation routes; and,

(k) The failure of ConRail to maintain the rail bridge for the past four years has resulted in a safety hazard to residents and businesses located under the deteriorating bridge, to shipping traffic passing up the river under the bridge, and to young people playing on the bridge and using it as a "short cut", which has already resulted in one death.

Mr. Speaker, I urge my colleagues to join with us in supporting this amendment which directly affects the most populous portions of our Nation, and indirectly affects the entire Nation.●

COVERAGE OF PETKUS TRIAL WAS TOO SELECTIVE

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. EILBERG. Mr. Speaker, for the past several weeks our attention has been drawn to the outrageous Soviet trials and sentencing of human rights activists Anatoly Shcharansky, Alexander Ginsberg, and Yuri Orlov.

However, I fear that the trial of another courageous activist, Viktoras Petkus, has been somewhat overlooked amidst the well-deserved concern that the administration and the media have devoted to these other cases.

Viktoras Petkus was tried last month in Vilnius, which was Lithuania's capital until that country was overrun by the Soviets in the early days of World War II. He was sentenced to a total of 15 years in prison and exile for his brave action in being one of the members of the group monitoring the U.S.S.R.'s compliance with the Helsinki accords.

Mr. Speaker, I hope that the administration, Congress and the media will continue to focus attention on Shcharansky, Ginsburg, and Orlov, and that we will also remember that Viktoras Petkus now languishes in a Soviet prison camp for his attempt to exercise the very human rights and freedoms guaranteed to him by international accords which the Soviet Union has signed.

I offer for the RECORD the following eloquent expression of concern for Petkus, as published on the editorial page of the Philadelphia Catholic Standard and Times of July 27, 1978:

COVERAGE OF SENTENCING OF DISSIDENTS WAS TOO SELECTIVE

Lithuanian-American spokesmen are increasingly bitter about what they say is the meager press coverage given the trial by Soviet authorities of Lithuanian Catholic activist Viktoras Petkus.

The trial in Vilnius, Lithuania's capital until the country was taken over by the Soviet Union in 1940, began July 10, the same day on which similar trials began in Moscow for Anatoly Shcharansky and in Kaluga for Alexander Ginzburg.

While the Ginzburg and Shcharansky trials have drawn worldwide notice and protests from Western governments, the 49-year-old Petkus' situation has been virtually ignored, said Father Casimir Pugevicius of Brooklyn, N.Y., executive director of Lithuanian-American Catholic Services.

A Lithuanian-American source in Philadelphia echoed Father Pugevicius' complaints as she supplied details of Petkus' sentencing.

Petkus was sentenced July 13 to three years in a prison camp, seven years in a labor camp and five years internal exile, probably in Siberia or some remote republic within the Soviet Union, such as Kazakhstan, the source said.

Ginzburg was sentenced to eight years in prison the same day and Shcharansky drew a 13 year sentence for espionage July 14. Ginzburg's entire sentence is at hard labor, while Shcharansky will spend three years in prison and 10 years at a hard labor camp.

Upon hearing of the sentencing, President Jimmy Carter, citing the Ginzburg and Shcharansky cases along with that of another Soviet dissident, Yuri Orlov, said, "We deplore this action by the Soviet government," but said there was little that could be done except to bring public opinion to bear on the Soviets.

According to the Lithuanian Information Service in New York, Petkus, who has already served 12 years in Soviet prison camps, was reportedly dragged into court by four soldiers to face his trial on charges of anti-Soviet agitation.

Petkus has been one of the five members of the Helsinki Group, established in 1976 to monitor Soviet compliance with the human rights provisions of the Helsinki Accords of 1975.

In 1947 Petkus was sentenced to 10 years in a labor camp for his participation in Lithuanian Catholic youth activities, but was released after six years. In 1957 he was again arrested and again served six years, according to The Dawn, a Lithuanian underground journal.

The complaint by these Lithuanian spokesmen seems quite justified. The plight of Lithuanians has been largely ignored in the West—and many Lithuanians who bravely cling to their faith and to their national loyalty correctly believe that suffering ignored runs the risk of becoming suffering in vain.

There is a profound irony in the fact that the dissidents in the Soviet Union were sentenced during Captive Nations Week. During that week, Lithuania and the other oppressed nations of Eastern Europe recall their own subjection to Communist domination and Russian imperialism. During that week, these captive nations hope that the world remembers.

We also hope that the world remembers not only those dissidents accused of giving information to Western reporters but also those heroic patriots like Viktoras Petkus whose only crime has been loyalty to faith and freedom.●

NATIONAL COMMISSION ON SOCIAL SECURITY MUST BEGIN ITS WORK

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. LEVITAS. Mr. Speaker, as the author of a provision in the social security legislation passed last December which required the establishment of a National

Commission on Social Security to study the entire social security system, I have been concerned at the lack of urgency on the part of the administration in naming its appointees to the Commission. The problems with the social security system have not been solved by the legislation we passed last year, they have just been swept aside for the time being.

A major problem with the system is its tremendous unfunded future obligations, a problem pointed out in a letter to the editor in the Wall Street Journal, Monday, August 7, 1978. Richard H. Solomon, a Fellow of the Society of Actuaries, is in a position to know. His concern about the prospective social security deficit and his knowledgeable assessment of the problems are precisely the sort of information the National Commission on Social Security should be studying—if there were such a commission.

It has now been nearly 8 months since this legislation was signed by the President. We still do not have a National Commission on Social Security in operation.

Perhaps a reading of the following letter by Mr. Solomon would be beneficial not only to my colleagues, but also to the White House.

The letter follows:

FINANCING SOCIAL SECURITY

(By Richard H. Solomon)

This letter is written in response to your editorial entitled "It Ain't Actuarially So" (June 10).

Your comments with respect to the inadequacy of Social Security financing are accurate. Even with the substantial increases in Social Security taxes that were enacted last year, the system currently faces a deficit in excess of $2 trillion. Unfortunately, Congress appears not to recognize the seriousness of the current actuarial position of the Social Security System, and of course the President has yet to appoint the members of the National Commission on Social Security to propose a remedy to this situation.

It continues to amaze me, as a Consulting Actuary, that the country has not called for an accounting of the actuarial position of the Social Security program. In 1972, when the double indexing arrangement was introduced, we were assured that the benefits could be adequately financed in the future based upon the funding structure then in existence. It turned out, however, that three years later the Social Security Administration admitted that a $4.2 trillion deficit had been incurred. One would think that if this type of financial chicanery took place in private industry one or two heads might roll; however, it appears that those responsible for this problem continue to guide the Social Security Administration as we head into future bankruptcy.

Mr. Califano's optimistic comments remind me of similar comments made by other HEW Secretaries over the years. At those times, as well as currently, I had the feeling that we were riding a sinking ship with a happy pilot.●

SALT II PROPOSAL

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

SALT II: ITS FUTURE AND OURS

An issue which the United States Senate and each American must squarely face in the months ahead is the SALT II proposal.

By all expert estimates, we are losing nuclear parity with the Soviet Union. Moreover, the Soviet Union is surpassing us in overall military power. They have put more resources into their strategic nuclear arsenal than we have, and these investments continue to grow. While the United States has not been idle, we have not approached the massive production and deployment effort they have achieved. Negotiations for a second Strategic Arms Limitations Treaty have been very difficult as a result.

We cannot expect something for nothing. They will not stop building strategic weapons simply because our own strategic programs are inadequate. We are not negotiating from a position of strength and simultaneously we cancel the B–1 bomber, delay production of the MX missile and slow down the Trident.

At the Spring National Executive Committee meetings in May, the Foreign Relations, Legislative and National Security Commissions listened to Paul H. Nitze, former Deputy Secretary of Defense and former SALT I negotiator. His analysis of the trends and where the United States would be by 1985 was gloomy to say the least. Based on recommendations of these commissions, the NEC adopted Resolution No. 39 which states:

"The American Legion, aware of the imminent danger to the national security of the United States, urges the Administration to develop and maintain the Triad of nuclear strength sufficient to deter the Soviets from any nuclear strikes against our country and to combat successfully any nuclear warfare, if ever waged against us; and, further

"We emphatically urge the U.S. Senate to refuse to approve any SALT Treaty which would permit any inferiority in the nuclear power of the United States."

Public Law 92–448 outlines our SALT negotiating objectives:

A stable international strategic balance which does not threaten the survivability of U.S. strategic deterrent forces.

A future treaty that would not limit the United States to levels of intercontinental strategic forces inferior to the limits provided for the Soviet Union.

Maintenance of a vigorous research development and modernization program.

The current SALT negotiating team will not say that the proposed treaty will meet any of these objectives. All they will say is that we will still have a few more nuclear warheads than the Soviets while failing to mention that most of the Soviet warheads have explosive power some 20 times that of ours. The damage the Soviets could do to us in a nuclear exchange would be many times the damage we could do to them. The survivability of our strategic Triad—B–52 bombers, Minuteman and Titan missiles and missile carrying Polaris and Poseidon submarines—will not be enhanced by the proposed treaty. Nor will equality between U.S. and Soviet nuclear capabilities be achieved. Some facts:

(1) The Soviet Union has just under 4,000 strategic or nuclear offensive missiles and bombers. The United States has 2,125. Soviet nuclear warheads exceed the U.S. explosive power by 6 to 1.

(2) In strategic defensive forces, surface-to-air missiles and jet fighters, the Soviets have 14,664—the United States has 324 jet fighters. The Soviets have 2,600 interception jets—the United States 324; the Soviets have 12,000 SAM (surface-to-air-missiles)—the United States none; the Soviets 64 ABMs (anti-ballistic missiles)—the United States none.

(3) The Soviets refuse to count or include their Backfire bombers with comparable capabilities to the unbuilt B–1. The Backfires can refuel, hit the United States, land in Cuba, refuel and fly home. The Soviets are reportedly building two or four Backfires each month. Under SALT II, they may build as many as they please. Meanwhile, the United States has refused to build the B–1 as a counter to the Backfire.

(4) SALT II does not permit the United States to build "heavy throw weight" missiles such as the SS–18s. The United States has none. The Soviets have over 300 "heavy throwers" deployed.

SALT is indeed a difficult subject with its own lexicon and language—ALCMs, MIRVs, MaRVs, FOBs and so forth. Even with these complexities, one cannot view SALT without looking at its impact on U.S. strategic nuclear defense posture and the concomitant effect on U.S. foreign policy. The bottom line questions to me are: Is the United States strategically inferior? If so, do we—the American people—have the will to change that inferiority? If we are weaker and the answer to the second question is no, the United States is destined to be second rate—economically, politically, influence-wise—among the world of nations.

Frederick the Great once said: "Diplomacy without arms is music without instruments." We would do well as a nation to seriously heed this advice.●

HARLEM MINISTER RECEIVES FAMILY OF MAN AWARD

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. RANGEL. Mr. Speaker, I would like to bring to the attention of my colleagues a very distinguished resident of my district and of New York City, Rev. Mannie L. Wilson. In recognition of Reverend Wilson's service and contributions to the city of New York, the New York Council of Churches has awarded Reverend Wilson its 1978 Society for the Family of Man Award. Reverend Wilson will receive that award in November along with Menachem Begin, Anwar Sadat, and Thomas A. Murphy.

I feel very proud to be able to say that Reverend Wilson is the pastor of the Convent Avenue Baptist Church in Harlem and has done so much to help the residents of my community. The text of an article that appeared in the New York Daily News last Wednesday highlighting Reverend Wilson's accomplishments follows:

MANNIE, MEET MENACHEM AND ANWAR

(By George James)

Menachem Begin. Anwar Sadat. Mannie L. Wilson.

Most recognize the first two as the leaders of Israel and Egypt. The thing that Mannie L. Wilson shares with them (and General Motors chairman Thomas A. Murphy) is that he and they are the 1978 winners of the Society for the Family of Man awards, which have just been announced.

"Rev. Wilson is really one of the outstanding clergymen of New York City," said Dan M. Potter, executive director of the society and of the New York City's Council of Churches, which will present the gold medallions on Nov. 2.

"He's very humble, very self-effacing," said Potter. "I have no respect for anyone in this city as I do for him."

PASTOR SINCE 1961

For more than 30 years, Rev. Wilson, 72, had been involved in the life of the Con-

vent Ave. Baptist Church in Harlem, since 1961 as a pastor. As a member or director of about 30 community, city, national and international civic and religious organizations in that period, he has worked behind the scenes to better life in New York City.

Rev. Wilson, the first black Protestant minister to preach in St. Patrick's Cathedral and hold a prayer service in the Nixon White House, is being honored as Clergyman of the Year. The award was won last year by Notre Dame's president, Rev. Theodore Hesburgh.

A member of Mayor Koch's new task force to ease tension in New York, Rev. Wilson long has been known for injecting his resonant voice to soothe troubled urban situations.

Although he has resisted testimonials, he said in his study in the big, white, granite church yesterday that he and his wife, Bettie, are pleased with the honor.

"I suppose I'm at the stage when these kinds of things come because you have most of your life behind you," said Rev. Wilson, who was ordained in 1931. "So I'm appreciative and I hope I've done something that has helped somebody."

But he also spoke of the thanks he has received in a child's smile. "You know, all of us work all our lives and so often nobody says thank you," he said. "But you know that you've done your best, and having that satisfaction is your reward."●

LET'S NOT TORPEDO OUR NAVY

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

LET'S NOT TORPEDO OUR NAVY

(By J. William Middendorf II)

Since retiring as Secretary of the Navy last year, I have been haunted by the feeling that my obligation to the American people won't be fully discharged until I deliver a final word, my own view of our ability to continue to safeguard our freedom. As a private citizen, I have no ax to grind, save the ax all Americans ought to be grinding—that we maintain the military posture it takes to deter war, to ensure our vital interests, to protect freedom and to prevail if war comes.

That is the posture we began keeping in the early 1950s and which for several years now has been in serious decline. Indeed, so severe is the decline that I fear we are fast approaching a time of testing such as the United States has never had to endure. Unless we move fast on a Naval rebuilding program, I'm convinced that the next ten years will see the end of U.S. ability to deter and prevail, with all the grave consequences that implies for free people everywhere.

We've had warnings:

During the 1973 Middle East War, the Soviet navy was quickly able to double its Mediterranean fleet to 96 ships on station. And this wasn't even an all-out effort by the Soviets. Against it, we went all out to reinforce our Sixth Fleet to a peak strength of 66 units. The Soviets were armed with deadly anti-ship cruise missiles, a weapon not then in our own inventory. Knowledgeable professionals differ as to who would have prevailed in a Soviet-American shoot-out. Fortunately, we didn't have to find out, but Moscow's boldness during that crisis brought us to the brink of World War III.

Huge Soviet navy war games were held in 1970 and 1975. Called Okean (Ocean) 70 and Okean 75, they are full of ominous meaning for the future. In Okean 75, hundreds of Soviet air, surface and undersea combatants were deployed over the world's seas with intelligence collectors, oilers, repair ships and merchant convoys and put through intensive, coordinated maneuvers. It was the greatest show of naval strength in history.

Five major shipyards in the U.S.S.R. produce submarines—with six more building large surface ships. All these huge yards have been expanded and modernized in the last five years, to produce a steady stream of new ships.

STRATEGIC THREAT

In short, there has been an alarming shift in the balance of naval power and the abilities of the Soviet and American navies to perform their different missions. Though many of our ships are superior in quality and our sailors are more experienced, the Soviet navy is more than triple the size of our fleet and its overall effectiveness is increasing. (See pictograph, page 53.)

Our way of life depends on the unimpeded flow to us of essential raw materials and energy—we now import *all* our rubber, chromite, cobalt and manganese ore and *half* our oil. Ninety-nine percent of our overseas trade is carried by ship. Our survival depends upon a Navy competent to keep open the sea lanes, pose a believable deterrent and enable us to support our allies in the event of war.

By contrast, the U.S.S.R. is relatively self-sufficient in raw materials and energy. The Soviet Union can support itself and provide most of its allies with economic and military aid without crossing a major body of water. A truly peaceful Soviet government would be content with adequate coastal-defense forces—the kind of naval force the Kremlin kept until 15 years ago. Since then, it has sought to create a navy of such speed and devastating fire power (at the expense of cruising range) that it can overwhelm any U.S. Naval force. It has created a "first strike" navy.

This explains the enormous Soviet naval buildup of the past decade and a half. The Kremlin became aware in the late 1950s that without a blue-water navy it could not influence world events. The Soviets were embarrassed at their impotence in 1956 when a British and French naval expedition invaded Suez; and in 1958, when the U.S. Navy moved strong forces into the eastern Mediterranean to discourage communist interference in Lebanon's disorders. The last straw was the 1962 Cuban missile crisis, when a U.S. Naval blockade and the threat of overwhelming American nuclear retaliation forced the U.S.S.R. to remove nuclear missiles it had been installing in Cuba.

But now the U.S.S.R. boasts the world's largest strategic (long-range, nuclear-ballistic-missile-carrying) submarine fleet. The Soviets have launched 60 such boats in the past ten years. Their Delta Class submarine—27 operational and more abuilding—is the world's largest. Each is poised to fire 4200-mile-range missiles.

That distance exceeds by some 1700 miles the range of our most advanced submarine-based missile, the Poseidon. It also approximates the range of our new Trident I missile, which won't reach the water until close to 1980. The Delta Class missile now makes it possible for the Soviet strategic submarine force to attack virtually every city in the United States from the U.S.S.R.'s home waters.

The Soviet force also includes 33 Yankee Class boats, each fitted with 16, 1300-mile missiles, and 30-odd older nuclear- and diesel-powered boats, each carrying a number of 350- and 650-mile nuclear missiles. Against this, the United States has a ballistic-missile-firing submarine fleet of 41 relatively old Polaris and Poseidon boats.

SHRINKING MARGIN

The Soviet navy's commander in chief, Adm. Sergei Gorshkov, has vowed publicly to achieve a navy that is second to none. Is he achieving this goal?

Recently retired Chief of Naval Operations Adm. James L. Holloway III has delivered a sobering assessment to Congress: we retain "a slim margin of superiority." The Chief of Naval Operations four or five years from now may not be so optimistic, since that "slim margin" is represented by our 13 aircraft carriers. In 1976, the Soviets deployed their first, the 45,000-ton *Kiev*. A second *Kiev*-class carrier is nearing completion and a third is under construction. We probably can expect to see more and perhaps larger carriers joining Soviet fleets through the 1980s.

Although Gorshkov's carriers do not yet give him the long-range striking power ours provide, he has 1250 land-based naval aircraft, of which 30 are the new supersonic Backfires. These have at least 5000-mile range, and pose a terrible threat to our Mediterranean and Pacific fleets. They could also menace any Naval force that we might bring into the Indian Ocean to shore up a Red-threatened oil-rich state.

The Russians also have tried to offset our superiority in aircraft carriers by arming scores of surface ships and submarines with deadly anti-surface-ship cruise missiles. There is frightening evidence that they are developing a new guidance technology, which will enable a missile-firing ship or submarine to stand off at a distance, find a target ship with over-the-horizon radar, and fire a weapon that will streak at 2000 m.p.h. 50 to 60 feet above the sea, underneath our search radar.

Our scientists have been developing a weapons system to counter this threat. It's called Aegis, and we know it will find incoming Soviet missiles 30 to 40 miles out and blow them up. But at the earliest, it will be 1981 before the system can be deployed on the first ship.

SOVIET SQUEEZE

In addition to a strategic submarine force twice the size of ours, the Russians now have by far the world's largest attack submarine fleet, well over 200 boats, for anti-shipping and anti-submarine purposes. Imagine what the Soviet attack force could do in the event of war! Nazi Germany, which began World War II with 57 submarines, primitive by today's standards, very nearly succeeded in severing our Atlantic supply lines, sinking some 14 million tons of Allied shipping. Clearly, the lesson has not been lost on the Soviets.

Against the U.S.S.R.'s huge surface and undersea forces we can deploy a total of 82 attack submarines.

The Russians also have more of all kinds of surface combatants than we have: more cruisers, more destroyers and other escort types; they vastly outnumber us in small (less than 1000-ton) attack boats. Yet these are fast, maneuverable and hard to hit. Equipped with new nuclear-tipped missiles, they pack a lethal wallop. The Soviets now are also moving to gain an advantage with amphibious ships that carry marines and their arsenals, including tanks, into beaches. They have some 100 such ships. We have 63, and we would need 48 of these to embark a single Marine amphibious force.

The Soviet navy has the world's largest naval-mine-warfare force, the world's largest inventory of naval mines and a capable anti-mine-warfare force. It also has the world's largest fleet of intelligence collectors—so-called "spy ships." Approximately 50 are deployed all over the globe—many posing as merchant or fishing vessels.

With their modern, powerful navy, the Soviets are showing the flag in more and more places, doing their best to influence events. During the Angolan war, Soviet naval units were deployed offshore in a show of support for their Cuban proxies. They now cruise regularly in many of the world's major seas. (A Soviet task force has come within

25 miles of Hawaii, and another has entered the Gulf of Mexico.) They have obtained the use of port facilities in the Indian Ocean, the Mediterranean, on the west coast of Africa and in the Caribbean. It is obvious that the Kremlin employs its naval forces in support of an ambitious foreign policy targeted at controlling the world's raw-material sources.

I don't think most Americans, including many in Congress, really grasp what a tough fix we are in, or will be in soon. If present trends continue, for example, it wouldn't surprise me to awaken some morning to the news that the Soviets have annexed the warm-water ports of northern Norway, which they have long coveted. Or to be told by Moscow that "the situation must be stabilized" by the Soviets in some politically troubled oil-rich state which is important to our survival.

U.S. RESPONSE

We are in this fix for a lot of reasons, including old, discredited theories that the Russians are as interested as we are in arms control and disarmament. Powerful voices in this country continue to urge that we disarm unilaterally, insisting that the Russians will then disarm, too. In fact, we have long been unilaterally disarming. Among other things, we have halved the size of our Navy—we now now have 458 ships, against nearly 1000 ten years ago.

But the main reason we are in this fix is that during the 1960s, while the Soviets were working hard to develop the mightiest military posture in world history, we were pouring our resources into the Vietnam war. We neglected our defenses, none more than our Naval component. By the end of the 1960s we were confronted with block obsolescence, large numbers of ships built in the 1940s and 1950s that were not worth expensive restoration.

Currently, our Navy is smaller than at any time since two years before Pearl Harbor. Yet the Carter Administration has just cut in half the Navy's five-year shipbuilding plan! Congress will be gravely risking our survival if it allows this to happen.

We simply must rebuild the Navy. That doesn't mean refurbishing obsolete ships. We need a modern, self-sufficient Navy that can operate in distant areas without having to rely on overseas bases.

Admiral Holloway has estimated that the balanced Naval force we need comes to about 600 ships. In preparing this force, we must understand that, from the time initial plans are prepared for Congressional approval, it takes eight years to get a Trident submarine to sea, ten years to float an aircraft carrier. And weapons technologies improve so rapidly that when we build certain new systems, we have to hope that they won't be obsolescent in ten years.

But we have no choice. We must understand that our freedom is not preordained, and that without a strong defense we won't be able to keep it. So much time has been lost already that, even if we start now, we are in for some rough and scary sailing in the years directly ahead.

MARIN COUNTY WANTS IT ALL NOW, THE FACTS, THAT IS

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. JOHN L. BURTON. Mr. Speaker, on the evening of July 20, 1978, the residents of an entire California county, Marin County, were portrayed by NBC-TV's "I Want It All Now" as a self-indulgent conglomeration of eccentrics, hedonists, narcissists, and irresponsible adults. The "sting" of this unfair portrayal is still being felt in the county and has most certainly left an ugly scar on the Nation's image of Marin County.

The program, couched in the fashion of a television documentary and "reported" by Edwin Newman to lend an air of credibility to the fantastically woven narration, was one of the most irresponsible pieces of journalism I have ever seen. It has grossly deceived a national audience about the people and lifestyle in Marin County, and it has brought television journalism to a new low.

The hour-long NBC show consisted of a 60-minute onslaught of misconceptions. It was characterized by staged events, totally unreliable figures, and deceptively edited interviews.

It is a crime that so many responsible citizens have been painted in such a damaging way as was done by NBC. These are people I know well, whom I see and talk to at community meetings about local and national issues, and people who set a model for the country during one of the worst droughts in history.

As yet, the people of Marin County have not had an opportunity to refute the program publicly, despite such a request from County Supervisor Barbara Boxer.

A local newspaper, The Pacific Sun, has taken the time to thoroughly research the NBC film and disclose the facts of its investigation in a recently published article by Steve McNamara. It is time to set the record straight. I call the attention of my colleagues to this excellent report, "NBC vs. the Facts," and editorial comment by Steve McNamara:

[From the Pacific Sun, July 28, 1978]

NBC VS. THE FACTS

The principal victim of "I Want It All Now" is not the sensibilities of Marin County. It is the craft of journalism. A painstaking investigation by the *Pacific Sun* has developed a chain of evidence in what can best be described as a media mugging by NBC-TV. Not at issue is NBC's right to approach its July 20 "documentary" on Marin from a biased position. What is at issue are the cases of either inaccurate or misleading information used to buttress those biases, the tailoring of film-clips to fit a preconceived story line.

What follows is a case-by-case examination of "facts" used on the program. For each case we first print the transcript from the show and then follow it with the facts disclosed by our investigation. A copy of this article is being sent for response to the president of NBC. Marin County Supervisor Barbara Boxer is requesting formal investigations by the Federal Communications Commission and the National News Council.

The record:

NBC. Newman: "Every so often some public figure winds up and tells us that our children are the future. That's true of course. It is also true that by the influence we have on our children, we help to shape that future. Certainly parents here in Marin County are helping to shape it by the ideas and attitudes and values that they are now passing along. This is a birthday party for two Marin County youngsters—one 10, the other 11. The party was arranged by a Mill Valley firm that promises to make dreams come true, at a price, $225. The fantasy these youngsters wanted to live out on their birthday was that they were superrich. This is only a birthday party. These are only children. And this is only make-believe. Nevertheless, these youngsters seemed to have learned their lessons well about the power of money . . . For a few brief hours they lived like the millionaires they hope someday to be."

Fact: The party was staged for television as a promotion venture. The children are the sons of the two women who run the service, Dream Agents. There was no charge of $225. The "Richie Rich" theme stemmed from the fact that both boys are comic book collectors and among their favorite titles is "Richie Rich the World's Poorest Rich Boy." It is put out by the same firm that publishes "Casper the Friendly Ghost." Dream Agents mainly arranges events such as a chauffeur-driven limousine trip to a fancy restaurant for a couple celebrating a wedding anniversary. They have never done another children's birthday party remotely similar to the one they staged here. The most money they have ever charged for a kids' party is $75.

Last September Marsha Heckman and Pam Gressot, each of whom is married and has three children, started Dream Agents. The idea was to put on special functions, such as airport receptions for visiting relatives and kids' parties featuring clowns, a magic show or Star Wars characters. All six of their own children have helped with the business.

To publicize their service and to thank two of their boys who share a birthday for their past labors, the women set up the "Richie Rich" comic book theme party and invited the media. Channel 7 was expected to come, but didn't. The Sun passed on its invitation to NBC producer Joseph DeCola, who showed up with a camera crew at Tam Valley School, where the two boys were picked up in the rented limousine. According to Heckman, DeCola asked Gressot if she would let one of her children speak on camera about divorce. Says Heckman, "My partner said no. She said, 'You're not looking for an accurate picture of Marin. You came here with a copy of The Serial under your arm.' She was entirely right."

NBC. Teacher Fred Mitouer appears on camera immediately after it has been made to appear that $225 has been spent on two boys to give them a "millionaire" birthday party. Mitouer: "I would describe these children as typical Marin County children, yes." Newman: "At the school these youngsters attend, we spoke with their teacher, Fred Mitouer." Mitouer: "Seventy-five percent of our class is from single parent houses. . . ." Newman: "Are you able to see some effects of this?" Mitouer: "Oh, yes, definitely. There's anger. Ah, we deal with this in class all the time. . . . One of the things that we do is create an extended family environment where the children can express their feelings and deal with the feelings toward their home-life. . . ."

Fact: Mitouer contacted producer DeCola about filming his class, a special one covering students in grades 3 through 5 at Tam Valley School in Mill Valley. Students join Mitouer's unstructured class only by special request, many because of problems with conventional schooling. Does Mitouer really believe his students are typical, as he said on TV? "I meant they're white, they're middle class, they fit all the criteria," Mitouer said this week. "But they cut out the little smile I had before that, when they asked me the question. The kids I teach are not typical and I don't treat them typically. The single parent figure of 75 percent is right for my class, but it would be lower for all the other classes. I spend considerable time and energy getting the children to be real about their feelings. A lot more time is spent in my classroom dealing with emotions than in any other classroom at Tam Valley. A lot more."

Mitouer says that DeCola did not visit any other classroom in Marin County.

NBC. Newman: "Shirley [Luthman] believes that children can take care of themselves. . . . For Kathy [Burke], who has mixed feelings about her role as a mother, Shirley's advice about 'the parenting trip' laid the groundwork for some important changes. . . ." Burke: "So right the day before Thanksgiving I took off to go to Esalen, and not knowing if I was coming back; that's how strong it was. It was painful. When I left here, Brian was really upset; he wanted to send the cops after me, you know, to bring me back. . . ." Brian: "I told her that it's against the law for her to do that. . . ." Kathy: ". . . I felt like . . . I was deserting them."

Fact: This segment is edited to make it appear that Kathy Burke left her four children alone while she went to Esalen. In fact, she asked her mother to come up from Palm Springs to stay with the children, which her mother did. Says Kathy Burke: "Brian feels upset about the program. He feels it looks like I walked off and left them alone. I talked with Joe [DeCola], on film, about how wonderful it was that my mother came out to be with the children while I was gone. I needed her and she came."

NBC. Nancy McKinley, recent arrival from Ocean City, N.J.: "Yesterday, the first day I was here, I heard that Marin County has a 75% divorce rate, which does seem incredible."

Fact: Nancy McKinley cannot remember who gave her this figure. Neither the Marin County Planning Department, the County Clerk nor the demographer for the Association of Bay Area Governments say they supplied such a figure. There is no agreement, either, on how a percentage divorce rate might be computed. According to the San Francisco office of the Department of Health, Education, and Welfare, divorce is measured in terms of occurrences per 100,000 population. Using that standard system, Marin County in 1976 had a divorce rate of 6.6. This placed it in a tie for tenth among California counties with Sutter. Tied for first were Shasta and Del Norte with a rate of 8.3.

NBC. Sandra Robbins: "I did the est training, the e-s-t training, shortly after I moved here and I think that probably made one of the biggest major jumps in my life. Ah, it became okay to do anything as long as you were honest about it. . . . If you could tell the other person that you didn't like the hair growing on the end of their nose . . . you could tell them in any way as long as you could tell them the truth."

Fact: Sandra Robbins: "They cut out a sentence in there and it completely reversed the meaning of what I said. What I said was, I took the training and I got a lot out of it, but *the thing I object to* is that after people finished the training, all of a sudden it became okay to do anything as long as you were honest about it. I was trying to get across that I didn't like this lack of concern for other people, and they changed it completely."

NBC. Marin Superior Court Judge Richard Breiner: "Marin has a reputation for a loose swinging lifestyle, probably more so than any other county in the state."

Fact: Judge Breiner: "Prefaced to that statement was a disclaimer which they cut out, my comment that you can't generalize because Marin does not have that reputation generally, but some people think it does. They asked me a lot of questions about divorce, but none of that was on the air. I assumed that this was the purpose for which they had taped me, but apparently it wasn't that at all. They just asked me in passing about open marriages. They approached me to talk about divorce and I wound up as an expert on swinging lifestyles, which I know nothing about. Had I known what kind of show it was going to be I wouldn't have participated at all. It certainly wasn't a representative show of Marin County."

NBC. Beth Fruth, in hot tub: "For the first time in my life I completely took; I didn't give anything." Newman: "Whatever the reasons, narcissism thrives in Marin County. . . . This is called the Secret Garden . . . one hundred eighty dollars buys four hours of the pleasuring attentions of Ray Stubbs and Walter Wilding, who tell us that explicit sex is forbidden. . . . Massage parlors and the like have been available to men for centuries, but there have been few opportunities for women to buy sensual pleasure from strangers. In Marin County, it seems that there are enough women who can afford it, and enough women who want it, to make such a service a reality."

Fact: Stubbs and Wilding have been Secret Garden consultants, part-time, for two years. During that time, says Stubbs, they have had 60 clients. Of this 60, 22 have come from Marin and 38 from outside the county, from points as distant as Denver, Los Angeles, Chicago and New York. These clients were attracted by articles in *Viva, Forum* and *Playgirl*. One of the out-of-county clients was producer DeCola, who had a free get-acquainted session.

Of the Marin women who have availed themselves of the service, about half have received it in exchange for services such as bookkeeping and secretarial work. Stubbs says they see the service not as an indulgence of the idle rich, but as a nurturing experience for hard-driving professional women. Says Wilding, "We give it free to professional women we know, like doctors and counselors—waterfalls with no streams behind them, women who really put things out in the world." Beth Fruth's one-hour session was staged for NBC. She did not pay for it. Neither did she pay for the regular session she received six months earlier. That was a birthday present from her boyfriend, who had her transported afterward to a fancy restaurant where he was waiting for her with a bracelet and a bottle of champagne. In sum, during a two-year period about half a dozen Marin women have paid for a Secret Garden session. It is not a common event in the life of the county. It is women from outside Marin who have "made it a reality."

NBC. Newman: ". . . there are more joggers in Marin."

FACT: According to Ray Hosler of *Runners World* magazine, there are more joggers in Honolulu, Hawaii than in any other area in the United States.

NBC. Newman: ". . . and Marin has more foreign cars. To Detroit's dismay people here spend big money on Mercedes, Porsches and BMWs. More than half of Marin County's cars come from overseas." While Newman is saying this, the only foreign cars shown are these three German makes, giving the impression that Marin's most common mode of travel is expensive foreign cars.

Fact: According to *Motor Registration News*, 59 percent of Marin's 66,000 registered cars of ten years of age or newer in 1977 were foreign. However, of these 38,701 foreign cars, 73 percent, or 28,328, are inexpensive Class 6 vehicles such as VWs (9151), Toyotas (6382) and Datsuns (4269). Expensive Mercedes (1800), BMWs (1500) and Porsches (1043) make up less than 7 percent of Marin's registrations. The most popular makes in Marin are Ford (12,400) and Chevrolet (10,700).

NBC. Newman: "Marin County's suicide rate is well over twice the national average. More people die by suicide than in automobile accidents. Many leap from the Golden Gate Bridge. We wanted to know why so many people wanted to end the Marin County good life. So we asked the director of the Suicide Prevention Center here, Dr. Richard Reubin." Reubin: ". . . in many ways Marin County is looked upon as the end of the rainbow. Many people might feel that if they can't be happy here, ah, there's no place else that's going to provide more happiness for them."

Fact: According to Bob Mielke of the Center for Health Statistics in Sacramento, Marin's 1976 suicide rate was 23.5 per 100,000 population. The California rate was 17.6 and the national rate was 12.5. Within California, Marin's rate of 23.5 places it fourteenth among counties. Lake is first with 40.6; San Francisco is sixth with 29.5. During the past ten years Marin's rate has stayed approximately the same while the national rate has increased by 25 percent.

Adds Reubin: "When you make comparisons between areas you get very biased statistics. Different coroners and different social pressures can really influence suicide rates. Marin is more statistically honest and that is a partial reason for its higher statistics. The bridge? Suicides off the Golden Gate Bridge are less than 5 percent of all the suicides in the Bay Area. More people who live in the East Bay jump off the Golden Gate Bridge than do people who live in Marin.

"What they showed on TV was a very minute section of a 40-minute interview. I listed about six or seven factors of our suicide rate and they chose the one that fit in with their theme of the end of the rainbow. The end of the rainbow phenomenon also exists in Hawaii; they have a very high suicide rate. We have an elderly population that you do not see in that program and older people have substantially higher suicide rates. What they showed me saying was true. It's just that they edited the program to show what they had initially preconceived. Those were people from New York and I talked to them about my concerns that I didn't want to portray Marin as this death trap where people come to kill themselves, that there are a lot of fine things about Marin. I mentioned that people are very involved in their community here and our volunteer program with 170 volunteers is just one of many. They weren't willing to show any of that. That didn't make it onto the program because it was antithetical to the mood of the 'I Want It All Now' attitude of the show."

Marin's suicides (56 in 1977) outnumber traffic fatalities (23 in 1977) because Marin has an exceptionally low number of traffic fatalities. Marin's 23 traffic deaths are radically fewer than figures for neighboring counties: Sonoma 73, San Francisco 70, San Mateo 74, Contra Costa 116 and Alameda 171. Marin's suicide figure is lower than all these other county-wide traffic fatality figures. (According to public affairs officer Roland Mellor of the California Highway Patrol, the standard base for establishing accident rates is per hundred million miles traveled. Such figures are available by state, but not by county, so only total figures are available for comparison.)

NBC. Newman: "Gary Near is an attorney in private practice in San Francisco. He lives in Marin County."

Fact: Gary Near has a weekend place in Inverness. He lives on Russian Hill in San Francisco.

NBC. Newman: "The average price of a house in Marin County is $91,000. That is 60% more than the national average. And that's just an average. In some neighborhoods cottages sell for $175,000 [shot of Hill & Co. listing], with regular sized houses bringing up to a million and a quarter apiece [shot of houses along Belvedere's West Shore Road].

Fact: According to the Marin County Board of Realtors, the average price of Marin homes sold in 1977 was $92,615. A "cottage" is considered to be a two-bedroom, one-bath, woodsy home. No home of this description has ever sold for $175,000 in Marin County. The Hill & Co. listing used as the visual with Newman's "cottage" voice-over is described thusly by the agent: "Magnificent new home: charming and spacious.

Shingled masterpiece set in tranquil redwood grove. Superior craftsmanship. Formal dining room, skylights, decks, views. Four bedrooms, 3½ baths. Sauna. $269,000." The homes on Belvedere's West Shore Road currently sell for $250,000 to $300,000 and no home in Belvedere has ever sold for "a million and a quarter."

NBC. Newman: "On Tuesday mornings Shirley Luthman, a family counselor turned guru, conducts sessions here that are called 'Getting a Shot of Shirley.' "

Fact: The name of the session is "Shirley Luthman's Drop-In Group."

NBC. John M. Weir, Ph.D., Marin County alcoholism expert: "The county has clearly . . . the highest incidence of alcohol consumption per capita, and also by the general kinds of things that are taken to be examples of problems with alcohol such as drunk driving arrests, public drunkenness. . . ."

Fact: John M. Weir, Ph.D., clinical director of New Perspectives: "Our agency deals with kids and that's what we were talking about. At one point she [associate producer Jean Wilson] said, "How do you know that alcohol is a bigger problem in Marin than elsewhere?' Well, that's really not my bag. That's Andy Mecca and the county. So I was kind of stumbling around, trying to remember what was in the Calahan Study, which is the main one, and so she had me off guard. I was trying to recall what kinds of indices were used and in that sense I'm sure I misspoke. I haven't seen the figures but my guess would be that probably the number of drunk driving arrests and cases of public drunkenness is quite low."

Andrew Mecca, Ph.D., director of Marin County's alcohol program: "The thing that's unique about Marin is that there is very little public drunkenness."

Figures supplied by the California Highway Patrol show that with the exception of Napa County, Marin County has by far the lowest number of accidents associated with drunk driving in the nine counties of the Golden Gate Division of the CHP. During 1977 Marin had 202 such accidents, while Napa, with little freeway mileage, had 99 and the other seven counties averaged 469. In terms of drunk driving arrests, CHP figures for 1977 show Napa again the lowest with 466, Sonoma with 1073 and Marin with 1677. The remaining six counties averaged 3205, or roughly two times the number of Marin arrests.

According to CHP public affairs officer Roland Mellor, all this data was also given to NBC.

NBC. Newman: "In per capita income, Marin is one of the ten richest counties in America."

Fact: According to the Bureau of the Census in Suitland, Maryland, the most recent year for which per capita income figures are computed in 1974. During that year Steele County, North Dakota led the nation in per capita income with a figure of $12,124. Marin County was twenty-second with $7150. Another common measurement of wealth is median household income, which is computed each year by the Survey of Buying Power at *Sales Management Magazine*. The most recent year for which figures are available is 1976 when Marin County ranked twelfth in the nation.

NBC. Bob Gulko: "One of the local newspapers, the *Pacific Sun*, has a section where they list the births and deaths and . . . marriage licenses issued, divorces [applied for] and then final divorces. I mean that's a very common thing. And I would guess that there are probably more divorces than births, deaths and marriages all put together."

Fact: In a recent one-month span there were listings in the *Sun* of 64 births, 90 deaths, 159 marriage licenses issued (total 313) and 107 dissolutions applied for.

NBC. Sausalito pharmacist Fred Mayer: "Mental health in Marin County . . . is not very good . . . I see the number of tranquilizers being dispensed, I see the amount of sleeping pills being dispensed . . . We have over 100 psychiatrists who are practicing . . . If we have such a fantastic good life and if the folks are making all this money, why aren't they happy?"

Fact: Pharmacist Mayer: "Am I mad about that thing! Oh, did they give me a hosing! They came into the pharmacy and they interview me for 45 minutes. I told 'em I had a wife and four kids; I'd been married for 20 years and on the block where I live nobody has been divorced. I talked a lot about health care and how good things had gotten in this county. How I'd seen it go from the Sixties and the flower children and how it had gotten so much better. The kids off the hard stuff. We talked about a lot of health things, about the positive things like the ecology movement. About how I've been on the board of Temple Rodef Shalom for twelve years and we've just had 150 young families who've joined recently. In five years we've gone from 300 to 500 families. About how these young families are doing things with their kids much more than five years ago. I did say we had problems with mental health, suicide and alcoholism, but then I said that as far as I can see things are really 150% better. I think the pills, the tranquilizers are much less than they were five or ten years ago. I think DeCola did me a disservice personally. I talked about health things, about people out with their kids. The family structure getting back together—things like you didn't see five years ago. Those kind of things he cut out, he never mentioned. This was just a hatchet job."

PARCHED TOGETHER

The dominant theme of "I Want It All Now" is that there is in Marin County a preoccupation with self. Under ordinary circumstances it is difficult to make well-grounded assessments of this type about an entire community. However, Marin County is a special case. For two years the county faced a water shortage unparalleled in the nation. Hence it was possible to gauge community response in something as simple as gallons of water consumed per day.

Before the shortage, during the year 1975, average daily consumption within the Marin Municipal Water District was 48 million gallons per day, or 120 gallons per day per individual (not including commercial use). Faced with radically reduced supplies, the district eventually proposed a 57 percent reduction in consumption, to 12 million gallons per day, or 46 gallons per person. Instead, customers voluntarily reduced consumption by 65 percent, to 9 million gallons per day, or 38 gallons per person. Even now, with no restrictions, consumption has rise to only 27 million gallons per day, or 90 gallons per person, a 25 percent reduction from 1975.

Says Dietrich Stroeh, general manager of the water district: "In the water industry, Marin was considered a marvel, and we still are. We are now looked up to as the future of what happens clear across the country. I'm asked constantly to go back and speak to groups on how we do it. We had a number of discussions with President Carter's people when he developed his water policy. We've had a lot of input on state water policy. It's based on the fact that it can be done and this is where it was done."

No mention of this unique sociological experience was made on "I Want It All Now."

PATCHED TOGETHER

The blasé attitude of TV is neatly illustrated by an occurrence from "Saturday Live" on Channel 4 last Sunday. NBC producer Joe DeCola was a featured guest. Before he was questioned, show host Sam Van Zandt said: "First we want to take a look at a little bit from the clip from 'I Want It All Now' so you can get an idea of what the documentary is all about."

Then follows a 52-second film-clip, the first 12 seconds consisting of a disclaimer by Edwin Newman: "Not everyone who lives in Marin County is rich, and not everyone who lives here is divorced or is enthusiastic about powderous substances such as cocaine, or about hot tubs and therapy." As Newman voices these words, there are scenes of boats and waterfront restaurants.

This is not a film-clip from "I Want It All Now." This scene with these words never appeared in the show.

The words were heard, and the visuals were seen. But not together. On "I Want It All Now" when Newman spoke his 12-second disclaimer, the visual was of runners warming up for the Pacific Sun Marathon. When waterfront scenes were shown, the audio was of Newman describing the number of yachts and seaside restaurants in Marin. Apparently Newman's 12-second disclaimer and the boat scenes were patched together as the best effect for DeCola's appearance.

No big deal. Except that patching things together for the best effect, and announcing that it is real, is a method of news presentation which poses extraordinary problems for a television viewer trying to separate truth from fiction.—STEVE MCNAMARA.

CETA PROGRAM

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WEISS. Mr. Speaker, the Washington Star recently published an article by Lance Gay which focuses on the problems and the positive activities of the CETA program. One abuse of the CETA program to which Mr. Gay refers concerns the use of CETA funds for political patronage.

During subcommittee consideration of H.R. 12452, the 1978 amendments to the Comprehensive Employment and Training Act, I offered an amendment to title II which establishes an objective system for local selection of CETA employees. The provision—which is now part of H.R. 12452—is based on the placement system designed by the Berkeley, Calif., prime sponsor; other areas of the Nation, including Broward County, Fla., employ similar systems.

Under this system, each prime sponsor will establish priority for CETA placement based on an objective point system. The Berkeley program bases points on criteria which include employment status, household status, employability status, age, educational status, sex, handicap, and so forth; under H.R. 12452, each locality will determine its own criteria based on local priorities and conditions.

The Education and Labor Committee incorporated this provision into the CETA legislation because of its concern about fraud and abuse in the program. The use of an objective system for placement insures that local officials will not be able to use CETA positions intended for the structurally unemployed for their own political purposes.

I would like to commend Mr. Gay's article to my colleagues. He presents an objective discussion of the CETA program.

IS JOB PROGRAM A BOONDOGGLE?

(By Lance Gay)

In a hypertrendy San Francisco suburb, 43 people are working in a $575,000 CETA program compiling a register of cases of child abuse and incest.

In North Carolina, 74 employees are engaged in a $318,601 CETA project to stamp out witchweed, a parasitic plant that kills corn, sugar cane and rice.

In New York Mills, Minnesota, five CETA employees are working in a $25,000 project to restore a 19th century Finnish-American homestead as a theater.

All across the country, thousands of people are at work under the Carter administration's massive Comprehensive Employment and Training Act programs—a $10.4 billion project some criticize as a boondoggle and others praise as the best jobs program since the days of Franklin D. Roosevelt's New Deal.

CETA is the wild card of federal programs, covering the country with programs and projects, some routine, some innovative.

There have been some questionable ones, as recent disclosures of problems of the D.C. City Council's CETA program and other scandals large and small have detracted from what the administration believes is one of its most successful programs.

CETA funds have been involved in some surprisingly diverse projects. For example, last April in New York a squad of undercover agents earning $8,000 to $9,000 a year under the CETA program, broke up a cigarette smuggling ring.

In Wisconsin, a group of CETA employees are recording the sounds of quail calls . . . In Cleveland, 1,062 persons, mostly teenagers, are working in CETA summer programs painting murals and giving summer concerts in the parks . . . Dozens of CETA-paid park employees in New York are hired to pick up animal droppings . . . In Boston CETA employees renovate houses of the elderly . . . In Tennessee, others are building ramps for the handicapped and elderly . . . Thirteen young people in New Britain, Conn., are putting out their own newspaper, "The Youth Perspective."

Labor Secretary Ray Marshall maintains that despite the problems CETA is working effectively and efficiently.

"Sure, we've had a few well publicized examples of abuses within CETA," he acknowledged. "But where problems exist, we have moved aggressively to take vigorous actions."

And, he insists, "All of the accusations of abuses within the CETA program add up to only a tiny fraction of 1 percent of the entire program."

"My gut reaction is that it's a good program and the part of it that's not doing good we're trying to correct," said R. C. "Rocky" DeMarco, head of the Labor Department's Office of Investigations.

DeMarco said his office—established in April by Marshall to look into major abuse and fraud of the CETA program and other department programs—currently is conducting about 50 investigations. But most of those, he said, are preliminary inquiries to check out allegations of fraud. He estimated that about 10 percent of these will turn into full investigations.

He said there are "six to eight" cases his office is working on in conjunction with investigations by the Justice Department. These involve serious criminal allegations such as embezzlement or kickbacks.

"From an investigative point of view, we need resources," DeMarco said. "We do not have sufficient people now to do other than respond to complaints that come in.

"No, I'm not satisfied because we don't know if we have a handle on the programs yet. We're just being reactive now. We don't have the resources at this time."

The pending Labor Department authorization bill contains funds that will boost DeMarco's investigative staff to about 200. About 125 of those will be auditors and some 25 investigators. In addition, some 90 special investigators will be added to DeMarco's staff to look into organized crime matters only under an agreement with Justice.

DeMarco said most of the problems in CETA programs crop up with the "subgrantees." Under a decentralized system of administration, local CETA programs—there are thousands of programs nationwide—are administered by some 450 prime sponsors, usually state or local governments.

Remembering the failures of prior poverty programs, the Carter administration decided not to establish a centralized CETA agency or a corps of poverty bureaucrats to oversee it. Part of the reason for this is that CETA is designed primarily as a transitory program to be curtailed if unemployment declines in the early '80s.

The administration's emphasis on reducing unemployment as quickly as possible resulted in a massive change in the CETA program, which doubled in size in the nine-month period ending last May. Now some 750,000 persons are employed in 18-month jobs—a level that the administration will maintain for the next year or so.

The dramatic increase in the program brought with it growing pains and problems—the most pervasive headache being politicians trying to use the office to perpetuate the political machines in their areas.

A year ago the main problem was "substitution"—a practice under which local governments would use CETA money instead of their own to hire employees they would have hired anyway. Some officials believe that at one time as much as 70 percent of the public service jobs filled with CETA funds would have been filled anyway by city and state governments, but Ernest Green, who heads the CETA program, said recent studies show substitution now may be as low as 18 percent.

But the major concerns today are with political patronage and abuse such as that involving the D.C. City Council whose CETA money was used to bolster its staff.

Perhaps the most startling instance involving use of CETA for political patronage came in Chicago, where the Labor Department has demanded the city repay almost $1 million in CETA money allegedly misspent.

CETA jobs were doled out by Chicago's Democratic political machine through requiring applicants to have referral letters from ward committeemen. Applications from hard core unemployed without such references, on the other hand, were set aside in stacks or under tables in unopened mail sacks.

Patronage also is involved in a spate of investigations by Labor's regional offices.

For example, Philadelphia's CETA office—which is responsible for the D.C. City Council probe—is looking into charges that a dozen persons with close personal or political ties to Baltimore County Executive Theodore G. Venetoulis have filtered into federal jobs programs. The investigation into the program there followed reports in The Baltimore Sun that some of the federally subsidized jobs are going to members of middle-class families with political connections to city officials and judges.

Similar charges have been raised in connection with CETA programs in Texas revolving around how Gov. Dolph Briscoe has been running the programs. And Boston authorities hired a professional administrator for their programs after charges of patronage and nepotism surfaced there last year.

In Philadelphia changes were ordered in CETA employment practices after it was disclosed that Mayor Frank Rizzo hired CETA employees to do political work.

In some instances of abuse, the Labor Department has moved in to find another sponsor for the program. This happened in East St. Louis after investigation showed that the cost per CETA employee there was $17,872—five times the national average of $3,761—and that almost two-thirds of the city's employees were receiving CETA funds. Witnesses at Labor Department hearings also charged that Mayor William E. Mason had been asking all CETA staffers how they had been voting.

Labor Department officials are somewhat reluctant to name other cities under investigation because of a controversy that developed earlier this year when the department volunteered that it was looking into programs in two states and nine cities.

One of those was Cass City, Mich., a small town in the northern part of the state. The disclosure brought considerable embarassment because after a lot of publicity, it turned out that the "scandal" involved only a complaint by a laid-off CETA employee that he had been denied his pension rights.

DeMarco said that about 75 percent of his office's investigations originate in complaints from participants in the programs.

He predicted that placing the auditing functions of the program in his office will "be a great deterrent to abuse or fraud in the system."

Theoretically, each of the programs is supposed to be audited every two years. Under the pending CETA reauthorization bill a major loophole in the current law will be closed and the Labor Department will be given clear authority to see the records of CETA subgrantees. The proposed changes also will make it a federal crime to destroy the records.

"We've had instances where records are not auditable because they've been soaked in water or lost," DeMarco said.

"Now we have a mechanism to look at them and to take preventive steps and systems checks to head off problems," he said.

DeMarco praised the work of the FBI in investigating CETA fraud and kickbacks.

The FBI is currently probing allegations of fraud in some subgrantee programs in Texas, Oklahoma, and Atlanta. The Oklahoma case involves alleged embezzlement of some $4,000 in funds from a youth shelter in Enid while in Texas the charges involve alleged siphoning of funds from a CETA program by two pipefitters.

The FBI has also been looking into a situation in Dade County, Fla., which resulted last week in the indictment of Dade County Council President Nathaniel Dean. The charges involve the alleged diversion of some $22,000 in CETA funds for the use of a gasoline station Dean owns and a charge that Dean spent $300,000 on a farm worker project on which no trainees ever served.

CETA programs in affluent Westchester County, N.Y., also are under fire. The district attorney there has launched a full investigation into what he describes as "pervasive corruption" in the $24 million CETA projects there.

In a program as large as CETA—and one put together and in place so hastily—problems were expected. Yet for its size, Labor Department officials contend that there have been fewer instances of fraud than in comparable federal programs.

But as DeMarco put it, "we don't want the situation of having a policeman on every CETA participant." ●

AMERICANS NOT ENERGY GLUTTONS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1978

● Mr. WHITEHURST. Mr. Speaker, the following article appeared in the Virginia Observer on Friday, August 4, 1978. It was

written by Mr. Gordon Dillon, the editor and publisher of the Observer, and I believe that my colleagues will find it interesting.

The article follows:

UNITED STATES HAS 1,000 YEAR SUPPLY OF OIL

(By Gordon Dillon)

The United States has over a 1,000 years of oil supply in shale deposits that are unable to be developed because of objections by the U.S. Environmental Protection Agency.

According to Paul Petzrick, Acting Director of the Office of Shale Resources Applications at the Department of Energy, the U.S. has "2.2 trillion barrels of oil in the rich shale deposits in the Green River Valley in the midwest on U.S. owned land."

Petzrick said, "Development is commercially feasible now," but has been held up for over 5 years by the EPA and other environmental organizations.

The Energy spokesman called shale the nations most neglected natural resource. The richest deposits are in Utah, Colorado and Wyoming. Shale was formed by animal life in what used to be a prehistoric lake, but was not churned underground and naturally heated to form crude oil.

To extract the oil from the rock it must be heated.

The richest shale can produce 25 gallons or more a ton—with lower grades producing 10 to 15 gallons per ton. He said Virginia, West Virginia, Kentucky, Indiana and Pennsylvania had "38 trillion barrels" in its shale deposits.

He said, "But if you just take the 600 billion barrels in the richest deposits . . . that's more than all the reserves in the Mid-east." At the present rate of consumption, 6 billion barrels yearly, this, alone, represents a 100 year supply.

WAS $3.89 A BARREL

Petzrick continued, "Five years ago, Occidental Oil said they could produce (oil from shale) at $3.89 a barrel." He said they had been denied permission by the EPA because the air in the roadless, peopleless and industry-free wilderness "is polluted" by hydrocarbon emissions from sage brush.

Petzrick said during the delay "inflation in construction costs has been 400 to 500 percent . . . the figure is now almost $20".

He said that Congress was considering legislation to allow $3 a barrel tax credit as an incentive—plus "entitlements" to old oil which is priced at $5.25 a barrel. He said the two incentives would "bring the selling price down to about $12", less than the $13.25 charged by OPEC nations. As technology increases, he expects downward prices in the future.

BARREN WASTELAND

Petzrick described the mid-west shale area as a barren wasteland of rocks, "with an eighth of an inch of topsoil". He said the sparse vegetation posed a food problem for the native mule deer. According to Petzrick, the law demanded the firms to reclaim the land, and the end result would be a better habitat for the few animals

He expressed concern that the EPA had held up the project that could make America independent for 1,000 years. He said according to the law "in theory, the sagebrush is violation of the law, and a human who rode a jeep in that wilderness could be jailed because of emissions".

THE SOLUTION

The erudite government official continued, "I think we need something which I describe as National Interest Legislation, that says the best thing to do with this land for this country is to produce oil from it". He warned, "It takes about five years to build a plant", and if we don't hold them up with further impact statements, we could easily get 5 to 10 milion gallons a day by the year 2000.

He said that's more than the present daily imports of about 7 to 8 million barrels. In addition to shale, Petzrick said the nation had another 100 billion barrel potential in "Tar Sands". The method of extracting the oil has already been perfected in Canada.

THE TRADE DEFICIT

If the shale project is allowed to proceed, the trade deficit will be almost wiped out over night.

Superior Oil Company has developed a method to also extract soda ash and alumina from the shale. Petzrick said, "We already produce soda ash cheaper than any other nation . . . and this would give us a corner on the world market." Soda ash is used in the manufacture of glass.

Alumina can replace the bauxite ore used in making aluminum.

The U.S. aluminum industry now imports some 80 percent of raw bauxite. The domestic source would make the country independent of foreign imports, further reducing the trade deficit. According to a source—Superior's plan involves a trade of land with the Interior Department, which has been held up by Assistant Secretary—Joan Davenport, a rabid environmentalist.

It has also been held up by the EPA.

Petzrick said, "The EPA is causing problems. They are insisting on environmental impact statement on the land exchange". He said the EPA was also "insisting on a level of detail that one would really have to be able to build the plant to make the measurements in order to answer the questions".

Why isn't the shale potential included in the nation's energy arsenal? Petzrick says, "It is, it's just being overlooked".

(Editor's note: The interview with Mr. Petzrick was arranged by Patricia Bario, White House Associate Press Secretary.) The Virginia Observer questioned the office about the administration's failure to mention the shale oil potential. Our second question dealt with the ratio of energy and productivity.

Does the U.S., in fact, use any more energy than other industrialized nation? Department of Energy press spokesman—Carl Gustin answered that question. The answer was a simple, "No".

The United States produces 32 percent of the world's gross national product and consumes 31 percent of the world's energy. Japan, for example, represents less than 3 percent of the world's population, consumes about 17 percent of the world's energy and produces about 17 percent of the world GNP.

It takes energy to run an industry.●

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 Tuesday, August 8, 1978, may be found in Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 9

9:00 a.m.

*Agriculture, Nutrition, and Forestry

Nutrition Subcommittee

To hold hearings on what information is currently available to the public on food labeling and nutrition content.

322 Russell Building

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

Human Resources

To hold hearings on S. 3205 and S. 3309, proposed Indochina Migration and Refugee Assistance Amendments.

Until 11:30 a.m. 4232 Dirksen Building

9:30 a.m.

Select Small Business

To hold joint hearings with the House Small Business Subcommittee on Antitrust Restraint of Trade Activities Affecting Small Business, and Subcommittee on Impact of Energy Problems, Environment and Safety Requirements and Government on Small Business, to examine the underutilization of small businesses and possible national initiatives to encourage small business.

424 Russell Building

10:00 a.m.

Appropriations

To consider H.R. 13468, making appropriations for FY 1979 for the D.C. Government, and H.R. 12929, making appropriations for FY 1979 for the Departments of Labor and HEW.

S–128, Capitol

Budget

To mark up second concurrent resolution on the Congressional Budget for FY 1979.

6202 Dirksen Building

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

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

Finance

To mark up miscellaneous tariff bills.

2221 Dirksen Building

Governmental Affairs

Permanent Subcommittee on Investigations

To continue hearings on organized crime activities with testimony on allegations of corruption in the Atlanta penitentiaries.

1202 Dirksen Building

Judiciary

Antitrust and Monopoly Subcommittee

To resume hearings on pricing practices in the interstate trucking industry.

6226 Dirksen Building

10:30 a.m.
Judiciary
Business meeting on pending calendar business.
2300 Dirksen Building

*Rules and Administration
To consider further the nominations of John Warren McGarry, of Massachusetts, and Samuel D. Zagoria, of Maryland, to be members of the FEC.
301 Russell Building

3:00 p.m.
Conferees
On H.R. 9214, to amend the Bretton Woods Agreements Act so as to authorize U.S. participation in the Supplementary Financing Facility of the IMF.
S-116, Capitol

7:00 p.m.
Energy and Natural Resources
To continue mark up of proposed legislation designating certain Alaskan lands as national parkland.
3110 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 Indian Dunes National Lakeshore.
3110 Dirksen Building

9:00 a.m.
* Agriculture, Nutrition, and Forestry
Nutrition Subcommittee
To continue hearings on what information is currently available to the public on food labeling and nutrition content.
322 Russell Building

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.
6226 Dirksen Building

9:30 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on the FBI Charter and the role of informants.
2228 Dirksen Building

Select Small Business
To continue joint hearings with the House Small Business Subcommittee on Antitrust Restraint of Trade Activities Affecting Small Business, and Subcommittee on Impact of Energy Problems, Environment and Safety Requirements and Government on Small Business, to examine the underutilization of small businesses and possible national initiatives to encourage small business.
2359 Rayburn Building

10:00 a.m.
Budget
To continue markup of second concurrent resolution on the Congressional Budget for FY 1979. (Afternoon session expected.)
6202 Dirksen Building

Commerce, Science, and Transportation
To hold a business meeting on pending calendar business.
235 Russell Building

Energy and Natural Resources
To continue mark up of proposed legislation designating certain Alaska lands as national parkland.
3110 Dirksen Building

Environment and Public Works
To hold hearings on several public building prospectuses.
4200 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on organized crime activities with testimony on allegations of corruption in the Atlanta penitentiaries.
1202 Dirksen Building

Rules and Administration
To continue to consider the nominations of John Warren McGarry, of Massachusetts, and Samuel D. Zagoria, of Maryland, to be members of the FEC, and other legislative and administrative business.
301 Russell Building

1:30 p.m.
Conferees
On H.R. 13467, making supplemental appropriations for FY 1978.
H-140, Capitol

2:00 p.m.
Select on Ethics
To hold a business meeting.
EF-100, Capitol

3:00 p.m.
Conferees
On S. 3084, authorizing funds for FY 1979 for housing programs.
S-207, Capitol

7:00 p.m.
Energy and Natural Resources
To continue mark up of proposed legislation designating certain Alaska lands as national parkland.
3110 Dirksen Building

AUGUST 11

9:00 a.m.
Energy and Natural Resources
To continue mark up of proposed legislation designating certain Alaska lands as national parkland.
3110 Dirksen Building

9:30 a.m.
Environment and Public Works
To hold hearings on the nomination of Karl S. Bowers, of South Carolina, to be Administrator, Federal Highway way Administration, DOT.
4200 Dirksen Building

Judiciary
To hold hearings to examine the FBI's program to prevent and investigate bank robberies.
2228 Dirksen Building

Conferees
On HR.. 12927, making appropriations for military construction for FY 79.
H-140, Capitol

10:00 a.m.
Budget
To continue markup of second concurrent resolution on the Congressional Budget for FY 1979. (Afternoon session expected.)
6202 Dirksen Building

Foreign Relations
East Asian and Pacific Affairs Subcommittee
To hold hearings on S.J. Res. 111, authorizing participation by the United States in parliamentary conferences with Japan.
4221 Dirksen Building

Rules and Administration
To continue to consider the nominations of John Warren McGarry, of Massachusetts, and Samuel D. Zagoria, of Maryland, to be members of the FEC, and other legislative and administrative business.
301 Russell Building

AUGUST 14

8:30 a.m.
Finance
Health Subcommittee
To hold hearings on H.R. 9434, to increase Federal Medicaid funding for Puerto Rico, the Virgin Islands, and Guam, and on S. 1392, proposed Child Health Assessment Act.
2221 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on S. 3304, proposed Federal Reserve Requirements Act.
5302 Dirksen Building

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

9:30 a.m.
Environment and Public Works
Resource Protection Subcommittee
To hold hearings on H.R. 2329, proposed Fish and Wildlife Improvement Act, and H.R. 8394, proposed Refuge Revenue Sharing Act.
4200 Dirksen Building

Human Resources
Labor Subcommittee
To hold joint hearings with Finance Subcommittee on Private Pension Plans and Employee Fringe Benefits on bills relating to the Employee Retirement Income Security Act (S. 3017, 901, 2992, 3193, 1745, 1383, and 250).
4232 Dirksen Office Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 3304, proposed Federal Reserve Requirements Act.
5302 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on S. 1699, proposed Diesel Fuel and Gasoline Conservation Act.
235 Russell Building

Finance
International Trade Subcommittee
To hold hearings on S. 2920, to exclude certain imported textile products from future tariff reductions.
2221 Dirksen Building

Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on the FBI Charter as it concerns domestic security.
2228 Dirksen Building

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

9:30 a.m.
Human Resources
Labor Subcommittee
To continue joint hearings with Finance Subcommittee on Private Pension Plans and Employee Fringe Benefits on bills relating to the Employee Retirement Income Security Act (S. 3017, 901, 2992, 3193, 1745, 1383, and 250).
4232 Dirksen Office Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 3304, proposed Federal Reserve Requirements Act.
5302 Dirksen Building

Judiciary
Citizens and Shareholders Rights and Remedies Subcommittee
To hold hearings on S. 3005, to broaden the rights of citizens to sue in Federal courts for unlawful governmental action.
3302 Dirksen Building

Judiciary
Criminal Laws and Procedures Subcommittee
To hold hearings on S. 3270, proposed Justice System Improvement Act and related bills.
2228 Dirksen Building

AUGUST 17

9:30 a.m.
Human Resources Labor Subcommittee
To continue joint hearings with Finance Subcommittee on Private Pension Plans and Employee Fringe Benefits on bills relating to the Employee Retirement Income Security Act (S. 3017, 901, 2992, 3193, 1745, 1383, and 250).
4232 Dirksen Office Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 3304, proposed Federal Reserve Requirements Act.
5302 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
To hold oversight hearings on the physical and financial condition of the Erie canal.
4200 Dirksen Building

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

Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings with the Governmental Affairs Subcommittee on Federal Spending Practices and Open Government on S. 2515, dealing with occupational alcoholism programs.
3302 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 21

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on alternative mortgage instruments.
5302 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on the nomination of Gloria Schaffer, of Connecticut, to be a member of the Civil Aeronautics Board.
235 Russell Building

AUGUST 22

9:00 a.m.
Human Resources
To hold hearings on S. 2645, proposed National Art Bank Act.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings on alternative mortgage instruments.
5302 Dirksen Building

Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on S. 3363, proposed International Air Transportation Competition Act.
235 Russell Building

Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on S. 1149, proposed Grand Jury Reform Act.
2228 Dirksen Building

AUGUST 23

9:00 a.m.
Human Resources
To continue hearings on S. 2645, proposed National Art Bank Act.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold joint hearings with the Committee on Governmental Affairs on S. 2750, proposed Consolidated Banking Regulation Act.
3302 Dirksen Building

Commerce, Science, and Transportation
Aviation Subcommittee
To continue hearings on S. 3363, proposed International Air Transportation Competition Act.
235 Russell Building

Judiciary
Citizens and Shareholders Rights and Remedies Subcommittee
To resume hearings on S. 3005, to broaden the rights of citizens to sue in Federal courts for unlawful governmental action.
2228 Dirksen Building

AUGUST 24

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue joint hearings with the Committee on Governmental Affairs on S. 2750, proposed Consolidated Banking Regulation Act.
3302 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To continue hearings on S. 3363, proposed International Air Transportation Competition Act.
235 Russell Building

Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on S. 1449, proposed Grand Jury Reform Act.
2228 Dirksen Building

AUGUST 25

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on S. 2843, to provide for the striking of gold medallions.
5302 Dirksen Building

Judiciary
Criminal Laws and Procedures Subcommittee
To resume hearings on S. 3270, proposed Justice System Improvement Act, and related bills.
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 resume hearings on the FBI Charter as it concerns undercover operations.
2228 Dirksen Building

SEPTEMBER 14

10:00 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To resume hearings on the FBI Charter and its overall policy.
2228 Dirksen Building

SENATE—*Tuesday, August 8, 1978*

(Legislative day of Wednesday, May 17, 1978)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by Hon. QUENTIN N. BURDICK, a Senator from the State of North Dakota.

PRAYER

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

Let us pray:

Eternal God, our dwelling place in all generations, Thine is the kingdom and the power and the glory forever.

We lift our prayer to Thee in thanksgiving for Thy servant Paul, pontiff of peace, herald of the gospel of redeeming love, prophet of Thy coming kingdom on Earth as it is in Heaven. We thank Thee for his steadfastness in the faith, for his strength of mind and tenderness of heart, for his kindness and his compassion, for his summons to worldwide justice and universal brotherhood, for his preservation of continuity amid change, and for the outreach of his love to encompass all mankind.

We pray for this world and for our generation. May Thy truth prevail, Thy word be obeyed, Thy kingdom advanced, and pure religion flourish.

As the world mourns, may Thy people be renewed spiritually by the memory