It is also your job to question and decide for yourselves what is right. Americans have always had a healthy skepticism about government and politics. It is only when this questioning attitude becomes cynical rejection of all ideas and all potential leaders that our system of government will be in danger of collapse.

The Constitution is a covenant between the American people and their elected leaders. It is government with the consent of the governed.

You do not give that consent every two or four years and then give up your rights and responsibilities until the next election.

This process is a continuing and living thing which can only remain alive and vital as long as it is in constant use.

America is what we make it—as individuals working in a common cause.

With best wishes,

Sincerely,

JOSHUA EILBERG.

1. Do you believe the President's statement that he had no knowledge of either the planning of the Watergate break-in or the cover-up which followed it? Yes, 18.4. No. 73.7. Undecided, 7.0.

2. Should the President be held responsible for the actions of his aides? Yes, 70.9. No, 21.9. Undecided, 6.2.

3. Do you believe President Nixon should give the House Juidciary Committee all of the information the Committee requests for its impeachment inquiry? Yes, 77.1. No, 17.6. Undecided, 4.6.

4. If the President fails to comply with the Committee's requests, do you believe he should be impeached for withholding this evidence? Yes, 62.6. No, 26.3. Undecided, 10.2.

5. Should the United States refuse to grant trade concessions to the Soviet Union until the Russian Jews are permitted to emigrate to Israel? Yes, 47.2. No, 32.5. Undecided, 18.3.

6. Do you believe the "energy crisis" has been at least partly manufactured by the oil companies? Yes, 92.9. No, 4.1. Undecided, 2.4.

7. Are the oil companies using the "energy crisis" to increase their profits? Yes, 93.3. No, 2.8. Undecided, 3.3.

8. The eight major petroleum companies control more than 50 percent of the industry. In order to increase competition in the oil industry, should these firms be forced to give up either the production and refining of fuel or the retail selling of gas and oil? Yes, 67.8. No, 14.2. Undecided, 16.0.

9. Should environmental regulations be relaxed in order to make more fuel available? Yes, 33.8. No, 51.3. Undecided, 13.1.

10. If the fuel shortage continues, should the country adopt a system of gas rationing? Yes, 62.0. No, 23.4. Undecided, 12.8.

11. Do you believe the experiment with year-round Daylight Savings Time should be continued as a means of conserving energy? Yes, 38.5. No, 51.9. Undecided, 8.4.

12. Should grain to Russia and other countries continue if these sales continue to cause higher food prices? Yes, 4.4. No, 91.4. Undecided, 3.1.

13. Are you buying more or less:

Meat: More, 1.3. Less, 69.5. Same amount, 27.8.

Poultry: More, 39.3. Less, 19.2. Same amount, 39.4.

Fish: More, 31.3. Less, 21.5. Same amount, 43.8.

Fresh fruits and vegetables: More, 13.8. Less, 30.5. Same amount, 48.7.

Canned, powdered, and frozen foods: More, 20.3. Less, 21.4. Same amount, 55.2.

14. Have the increases in the prices of basic necessities caused a noticeable change in your style of living? Yes, 67.1. No. 27.7. Undecided, 4.0.

15. Will you take a shorter or less expensive vacation this year? Yes, 65.5. No. 15.6. Undecided, 12.4.

16. Do you believe the Administration's policies will solve the nation's economic problems? Yes, 7.5. No, 78.8. Undecided, 11.8.

17. Do you believe the President is more concerned with helping big business instead of the consumer? Yes, 81.2. No, 11.8. Undecided, 6.0.

18. Should the United States reduce the number of troops stationed in Europe? Yes, 59.0. No 22.8. Undecided, 16.8.

19. What do you think are the three most pressing problems facing America today: (Please list in order of urgency).

(Using a weighted point system, the following results were tabulated.)

1. Economy/Inflation, 39.6%.
2. Crime, 30.9%.
3. Energy Crisis, 9.1%.

The remaining 20.4 percent included taxes, foreign policy, education, problems of the elderly and a wide variety of other concerns.

20. What is the one local problem which troubles you the most?

1. Crime, 27.3%.
2. Inflation, 19.5%.
3. Schools, 17.6%.
4. Taxes, 16.6%.

The remaining 19 percent went to a wide range of problems.

SENATE—*Wednesday, September 25, 1974*

The Senate met at 12 o'clock noon and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

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

Praise be to Thee, O Lord, for this new day, for the altar of prayer, and for the vision of higher and better things.

"O grant us light, that we may know
The wisdom Thou alone canst give;
That truth may guide wher-e'er we go.
And virtue bless wher-e'er we live.

"O grant us light, that we may see
Where error lurks in human lore,
And turn our seeking minds to Thee,
And love Thy holy Word the more."

—LAWRENCE TUTTIETT, 1864.

Imbue all who labor here with wisdom, goodness, and truth that these days of crisis may be times of growth in character and the increase of justice and righteousness in all the nations of the Earth.

Through Him who is King of Kings and Lord of Lords. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, September 24, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

REHABILITATION OF ENIWETOK ATOLL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1116, S. 3812.

The PRESIDING OFFICER (Mr. HATHAWAY). The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3812) to authorize the appropriation of such sums as may be necessary to rehabilitate Eniwetok Atoll, Trust Territory of the Pacific Islands.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, beginning at the end of line 3, strike out "such sums as may be necessary" and insert in lieu thereof "not to exceed $12,000,000," so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby authorized to be appropriated not to exceed $12,000,000 to enable the Department of the Interior to rehabilitate Eniwetok Atoll, Trust Territory of the Pacific Islands.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ORDER FOR CONSIDERATION OF H.R. 15301, RESTRUCTURING OF THE RAILROAD RETIREMENT SYSTEM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside at least until the conclusion of the session today and that at the conclusion of the morning hour, the Senate turn to the consideration of Calendar No. 1112, H.R. 15301, an act to amend the Railroad Retirement Act of 1974.

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

Mr. HUGH SCOTT. Mr. President, the manager of H.R. 15301 on this side of the aisle is the junior Senator from Pennsylvania (Mr. SCHWEIKER). In his absence, I have designated the senior Senator from Ohio (Mr. TAFT), who has agreed to manage the bill until Senator SCHWEIKER is able to return from the funeral of his mother. I say this simply to advise the majority.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. EAGLETON) is recognized for not to exceed 15 minutes.

NOMINATION OF PETER M. FLANIGAN TO BE AMBASSADOR TO SPAIN

ORDER OF BUSINESS

Mr. EAGLETON. Mr. President, in his inaugural address before Congress, President Ford urged the Nation to put Watergate behind it. He sounded a call for integrity and openness in government. It was a refreshing change after 5 years of corruption and secrecy.

But rhetoric alone will not suffice to divorce President Ford from the mentality and attitude of the Nixon White House. The President can make a clean break with the Watergate albatross only by matching his words with his deeds. And, thus far, despite the fact that President Ford has personally demonstrated that he is a man of integrity, the Nixonian influence has yet to be exorcised from his administration.

Aside from the President's unfortunate and premature pardon of Mr. Nixon, this negative influence is best exemplified by the blanket endorsement of nominations made by President Nixon and the appointment of a number of former Nixon aides to important Government posts. Nowhere is this insensitivity to the Nation's post-Watergate temperament more apparent than in the nomination of Peter Flanigan as Ambassador to Spain.

The President could perpetrate no more cruel hoax, whether intentional or not, than to nominate a man as an American Ambassador who has been accused under oath of participating on behalf of Richard Nixon in the illegal sale of ambassadorial positions. Such a man is Peter M. Flanigan.

In testimony before the House Judiciary Committee during its impeachment inquiry, Mr. Herbert W. Kalmbach said that he had been told by Mr. Flanigan to contact Dr. Ruth Farkas concerning an ambassadorial assignment to Costa Rica. According to Kalmbach, Flanigan told him:

> She is interested in giving $250,000 for Costa Rica.

Kalmbach explained his conversation with Flanigan this way:

> It is clear in my understanding of that conversation . . . that she would contribute $250,000 to the President's campaign and in return for that $250,000, she would be appointed Ambassador to Costa Rica.

Mr. Kalmbach acted on that understanding, and in August 1971 he offered Dr. Farkas Costa Rica for $250,000.

Further confirming this unseemly "monopoly game" exercise was a White House memorandum which appeared among evidentiary documents presented by the House Judiciary Committee. This memorandum, sent by Mr. Gordan Strachan to Mr. H. R. Haldeman, discussed the necessity to inform two other purchasers that commitments to give them European posts could not be met. The Senate Watergate Committee was pointing to the illegality of such commitments, and Mr. Haldeman had decided that their donations would have to be returned. Mr. Strachan also reported that:

> The only commitment that Kalmbach is aware of at this time is Farcas (sic) for Costa Rica.

It seems clear that Mr. Kalmbach made that illegal commitment to sell an ambassadorship on the authority of Mr. Peter M. Flanigan.

In February 1974, Mr. Kalmbach pleaded guilty to a charge of illegally offering an ambassadorship to Mr. Fife Symington in exchange for a campaign donation. He is now in a Federal prison serving time. Mr. Peter Flanigan, on the other hand, has now been nominated by President Ford as Ambassador to Spain. I wonder what Mr. Kalmbach thinks of that.

Considering the gravity of the charge made against him, it is inappropriate even to consider Mr. Flanigan's nomination at this time. Rather than have the Foreign Relations Committee investigate Mr. Flanigan's qualifications, I think it far more appropriate that the Justice Department investigate whether he was guilty of participating in illegal activity.

This, of course, is not an isolated case for Mr. Flanigan. He established a track record of highly questionable behavior during his years as a Nixon aide.

He first came into public view in the ITT affair when he admitted having hired Mr. Richard Ramsden, a friend and former employee at Dillon-Read, to "advise" the head of the Antitrust Division, Mr. Richard McLaren, in the ITT merger case. In deciding to abandon the prosecution of ITT, which had coincidentally offered $400,000 to subsidize the Republican National Convention, Mr. McLaren said he had based his decision on Ramsden's advice.

Mr. Flanigan had no statutory authority to involve himself in the ITT suit but, as was his custom when big business was involved, he did intervene to the advantage of his client, ITT.

In a letter to the Chairman of the Foreign Relations Committee I have enumerated other situations where Mr. Flanigan's name appears in questionable roles. I ask unanimous consent that this letter appear after my remarks.

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

(See exhibit 1.)

Mr. EAGLETON. The list of allegations against Mr. Flanigan is a long one and includes the following:

First. Forcing the resignation of CAB board member Robert Murphy after Murphy ruled against American Airlines, which company had illegally given $55,000 to President Nixon's reelection campaign.

Second. Interfering with the independence of the Corporation for Public Broadcasting by attempting to influence a crucial vote by the board.

Third. Protecting businesses against adverse antipollution rulings by the Environmental Protection Agency.

Fourth. Influencing the Postal Service to sell $250 million in bonds to Wall Street underwriters rather than to the U.S. Treasury. One of the underwriters involved, I hasten to add, was Dillon-Read, Mr. Flanigan's former employer.

Fifth. Protecting the oil industry by stopping a Cabinet-level task force report recommending that oil import quotas be scrapped.

Sixth. Using his position to obtain a Treasury Department exemption so that a foreign tanker owned by one Peter Flanigan could engage in domestic shipping. This exemption would have increased the value of Flanigan's company by $6 million.

Seventh. Planting information he knew to be untrue in Life magazine for the purpose of ruining the political career of Senator Joseph Tydings, and subsequently holding up the investigation that would clear Tydings until 2 days after his 1970 reelection defeat.

Mr. President, Peter Flanigan's Government service is not such that he should be rewarded by sending him to represent the United States in Spain. If President Ford wants to divorce his administration from Watergate and all its nefarious manifestations, he will immediately withdraw Mr. Flanigan's nomination. This nomination is an insult to the Senate and an affront to the American people.

When considering the allegations made against Mr. Flanigan, it is clear that they can be resolved only after hearing, under oath, such individuals as Haldeman, Strachan, Kalmbach, Higby, Colson, Kleindienst, and Richard Nixon himself. Since most of these people are awaiting trial, it would be impossible to hear their testimony before the end of this session of Congress.

Therefore, it would, in my opinion, be improper for the Senate to vote on this confirmation before these serious allegations are put to rest. In the case of the Kalmbach charges, activity is involved that is appropriately within the investigative province of the Department of Justice.

Whether or not Mr. Flanigan is absolved of all or part of the charges made against him, it seems apparent that we should expect much more from those who will represent the United States to the rest of the world. I call upon President Ford to break once and for all from the influences of Watergate by withdrawing Peter Flanigan's nomination as Ambassador to Spain.

EXHIBIT 1

SEPTEMBER 23, 1974.

Hon. J. W. FULBRIGHT,
Chairman, Senate Foreign Relations Committee, Dirksen Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Foreign Relations Committee recently received the nomination of Mr. Peter Flanigan for the post of Ambassador to Spain. I understand that confirmation hearings will be held in the near future. This nomination is particularly surprising and disturbing because it comes at a time when the nation is trying to recover from the attitudes which created Watergate. That recovery will not be aided by Mr. Flanigan's nomination.

In your committee's draft rules for ambassadorial appointments you state: "The Committee . . . will oppose confirmation of ambassadorial nominees whose prima facie qualification for appointment rests on monetary political contributions . . ." I understand that your committee's action was based on deep concern over the excesses of the Nixon

White House in this area. As you may know, during his tenure at the White House Mr. Flanigan was responsible for filling vacant ambassadorial posts and other high-level executive positions. I feel that his possible role in the selling of ambassadorships should be thoroughly explored.

In testimony before the House Judiciary Committee on July 17, 1974, Mr. Herbert W. Kalmbach said that he had been told by Mr. Flanigan in 1971 to contact Dr. Ruth Farkas concerning a possible ambassadorial assignment. According to Kalmbach, Mr. Flanigan said "She is interested in giving $250,000 for Costa Rica." Kalmbach, in answer to a question by the committee's minority counsel, Mr. Jenner, said ". . . it is clear in my understanding of that conversation that she was interested in . . . that she would contribute $250,000 to the President's campaign and in turn for that $250,000 she would be appointed Ambassador to Costa Rica."

Mr. Kalmbach testified that he did contact Dr. Farkas and made the Costa Rica offer in early August 1971. Dr. Farkas at that time said she was more interested in a European post, according to Kalmbach.

Among the evidentiary documents presented by the House Judiciary Committee in its impeachment report was a September 24, 1971 White House memorandum from Mr. Gordon Strachan to Mr. H. R. Haldeman. This memorandum discussed the necessity to inform Mr. J. Fife Symington and Mr. Vincent de Roulet that commitments to give them European ambassadorships could not be met and that their campaign donations would have to be returned (this was apparently the result of Senate Watergate Committee inquires into the legality of such commitments). In the same memorandum, Mr. Strachan reported that "the only commitment that Kalmbach is aware of at this time is Farcas [sic] for Costa Rica."

Under cross-examination by President Nixon's impeachment lawyer, James St. Clair, Kalmbach said that he had made no commitment to Dr. Farkas about an ambassadorship *to Europe* and that he had no authority to make such a promise. But he apparently did have the authority to offer her Costa Rica. Gordon Strachan's September memorandum makes it clear that Kalmbach made a commitment to Dr. Farkas for that post and Kalmbach has testified that this commitment was made on the authority of Peter M. Flanigan.

Mr. Flanigan, in a letter to the Senate Watergate Committee which was investigating the Symington and de Roulet cases, stated that Mr. Kalmbach had misunderstood about the "commitments" to the two individuals and that such promises to campaign contributors were contrary to Administration "policy." Such offers are also prohibited by federal law, a fact about which Mr. Flanigan was undoubtedly cognizant when he wrote to the Committee. Mr. Kalmbach pleaded guilty in February 1974 to charges that he promised Mr. Symington a European post in return for a contribution to President Nixon's campaign.

The offer of the Costa Rica assignment to Dr. Farkas was, of course, equally unlawful whether or not it was ever consumated. Mr. Kalmbach's statement under oath that he based the offer on Mr. Flanigan's say so is, therefore, a serious charge involving Mr. Flanigan's alleged participation in illegal activity. I feel that the Justice Department should look into charges of this nature.

It is well known that Mr. Flanigan was in charge of filling ambassadorial and other high-level vacancies in the Nixon White House. He also was known to be Mr. Nixon's liaison man between the powerful business interests and the governmental agencies which regulate their activities. It would seem, therefore, inconceivable that Mr. Flanigan could have been completely unaware of Mr. Kalmbach's job offers and the various commitments made by the Committee to Re-Elect to assist campaign donors in their "problems" with the government.

Mr. Flanigan's track record establishes a pattern of governmental behavior which, if not illegal, is, in my opinion, highly detrimental to our democratic institutions. I would like to enumerate some of Mr. Flanigan's questionable activities during his tenure at the White House.

The ITT case: During the hearings on the confirmation of Mr. Richard Kleindienst as Attorney General a question was raised over whether a multi-billion dollar Justice Department anti-trust settlement was linked to a subsidy for the Republican National Convention. Although Mr. Kleindienst testified that President Richard Nixon did not contact him concerning the matter, he subsequently pleaded guilty to a charge of misrepresenting himself on that point before a congressional committee. In fact, President Nixon did contact Kleindienst with an order to drop the ITT case, an order he soon rescinded, according to Kleindienst.

Although the Justice Department Anti-Trust Division under Mr. Richard W. McLaren had exclusive jurisdiction over the matter, Mr. Flanigan became deeply involved. Mr. Flanigan has testified that he hired a friend and former colleague, Mr. Richard Ramsden to "advise" Mr. McLaren on the ITT suit.

In deciding to abandon the prosecution of the ITT merger case, Mr. McLaren admitted that he based his decision on a study prepared by Mr. Ramsden. Two Justice Department economic advisors stated that they had never been consulted about the case. A *New York Times* editorial had this to say about Mr. Flanigan's role in the affair:

"The participation of White House aide Peter M. Flanigan in shaping the ITT settlement is—or ought to be—highly irregular. The work of the Anti-Trust Division will collapse if politically well-connected companies can go over its head and cook up deals at the White House.

"Mr. Flanigan has no statutory authority to deal with anti-trust matters. Yet it was he who recruited a young Wall Street broker to prepare an economic analysis of the issues in the ITT case. To no one's surprise, this analysis was markedly sympathetic to ITT's position. Since the federal government has many qualified economists, why was not one of them asked to prepare this analysis?

"Mr. Flanigan's fishy activities in this case need to be fully explored. So does that $100,000—or was it $400,000?—which an ITT subsidiary offered to subsidize the GOP convention in San Diego."

Did Mr. Nixon ask Mr. Flanigan to intervene in the ITT case? Was Flanigan's intervention connected in any way to the ITT offer to subsidize the Republican Convention in San Diego? Was Mr. Flanigan only carrying out orders, or was he actively interfering in the judicial process on his own volition? These are questions which, it seems to me, must be resolved.

American Airlines and the Civil Aeronautics Board: On July 12, 1973, Special Prosecutor Archibald Cox announced that he would investigate White House maneuvering over the nomination of Mr. Lee West to replace CAB member Robert G. Murphy. Cox was looking into allegations that the decision to drop Mr. Murphy was tied to a CAB vote unfavorable to American Airlines which had illegally contributed to Mr. Nixon's re-election campaign. Mr. Flanigan was instrumental in securing Mr. West's appointment, although he had previously promised Senator Norris Cotton that Mr. Murphy would be re-nominated. Senator Henry Bellmon has acknowledged publicly that American Airlines "didn't like" Murphy and wanted him off the CAB.

What role did Mr. Flanigan play in dropping Mr. Murphy? Was he ordered to do so by President Nixon? Despite denials, was Murphy's departure from the CAB connected in any way to the contribution of American Airlines to the Nixon re-election campaign?

White House interference with the Corporation for Public Broadcasting: On June 1, 1973 the former Chairman for the Corporation for Public Broadcasting, Mr. Thomas Curtis, charged that Mr. Clay Whitehead, Director of the White House Office of Telecommunications and Mr. Peter Flanigan contacted members of the CPB Board prior to a key vote on a compromise agreement with the Public Broadcasting Service. According to Curtis, the independence and integrity of the Board were severely undermined by Mr. Flanigan's effort to influence the important vote.

Was this an appropriate activity for a White House aide? Was Mr. Flanigan attempting to influence the programing schedule of the Public Broadcasting System?

The Anaconda case: Late in 1971 the Montana State Board of Health held hearings on proposed new Montana air pollution regulations. An employee of the Environmental Protection Agency (EPA) testified there in favor of stringent air pollution control.

The President of Anaconda, Mr. John Place, was reportedly angered over the testimony of the EPA employee and fired off a blistering letter to EPA Administrator William Ruckelshaus. Without giving Ruckelshaus a chance to respond, Place and other moguls of the copper industry sat down with Peter Flanigan in the White House and told him of their dissatisfaction.

Place acknowledged this meeting with a "Dear Peter" letter of December 29, 1971, in which he concluded: ". . . Any assistance you can offer in having EPA acknowledge that it got overzealously involved in Montana's affairs will be appreciated."

Flanigan contacted EPA and interceded on behalf of Anaconda. EPA then decided to disavow the testimony of its own employee. The disavowal letter was flown in person from Denver to Helena, Montana. Was this an improper use of White House power to overrule an important regulatory agency?

ARMCO Steel Case: In September 1971, the Environmental Protection Agency won a court order preventing ARMCO from dumping highly toxic chemicals into the Houston ship channel. EPA had taken the position that the wastes in question—cyanide, phenol ammonia and sulphide—could be burned off. ARMCO complained of the additional cost and threatened to lay off over three hundred workers.

ARMCO President William Verity—whose executives had contributed at least $14,000 to the 1968 Nixon campaign—wrote to President Nixon complaining of the EPA suit. According to House testimony, Peter Flanigan contacted EPA officials—who were told to "negotiate the case like any other . . ." whatever that meant. EPA and the Justice Department then entered into negotiations with ARMCO and reached an agreement whereby ARMCO could continue dumping its chemicals until the summer of 1972.

The 1972 fund-raising exploits of the Committee to Re-Elect the President have been well-chronicled by the Senate Watergate Committee, the House Judiciary Committee and the Special Prosecutor. According to testimony, corporations were asked to pay "protection" money which, it was said would be considered if future problems arose with government regulatory agencies. *Washington Post* reporter Carl Bernstein interviewed a Texas lawyer, Mr. Richard Haynes, who was intimately familiar with this operation. In a conversation with Bernstein, Haynes mimicked the typical pitch made by chief fund-raiser Maurice Stans:

"You know we got this crazy man Ruckels-

haus (head of the Environmental Protection Agency) back East who'd just as soon close your factory as let the smoke stack belch. He's a hard man to control and he is not the only one like that in Washington. People need a place to go, to cut through the red tape. . . ."

If his experience during the first Nixon Administration was any indication, the evidence is overwhelming that the man to see in Washington was Mr. Peter M. Flanigan. Called by *Time Magazine* the "Mr. Fixit" of the Nixon Administration, Mr. Flanigan was the liaison with big business and in charge of regulatory agencies at the White House. His name comes up time again in news articles and testimony as the man who, more than any other, could deliver on Mr. Stan's promises.

Postal Service Bonds: In 1971 the newly-restructured Postal Service announced its intention to issue $250 million worth of bonds. The Postal Service decided: (1) to sell the bonds on Wall Street rather than selling them to the U.S. Treasury; (2) not to take advantage of federal guarantees (which meant the price of the bonds would be higher); (3) that underwriters to float the bonds on the market would be selected through negotiations rather than competitive bidding; and (4) that one of the underwriters would be the Dillon-Read Company (Mr. Flanigan's former employer).

In his September 21, 1971 report to the Chairman of the House Committee on Post Office and Civil Service, Representative Morris Udall stated two principal conclusions: "(1) this important bond issue has been handled in such a way that the strong appearance of impropriety has arisen; and (2) that the method chosen for this financing may eventually and unnecessarily cost the taxpayers and the Postal Service large sums of money."

Udall reported further, "Peter Flanigan is a Special Assistant to the President and was formerly a Vice President of Dillon-Read and Company. There is ample evidence to indicate that he has been involved in discussions and meetings involving this issuance of the bonds by the Postal Service."

Add to this that the bond deal was negotiated by James Hargrove, Senior Assistant Postmaster General, formerly a Vice President of Texas Eastern Transmission . . . whose own issues had been handled for years by Flanigan for Dillon-Read.

It is hardly surprising, perhaps, that this exercise in public-private high finance was enriched by the appointment of none other than Mudge, Rose, Guthrie and Alexander as counsel to the underwriters—counsel doubtless enhanced by the fact that two former senior partners are former President Richard Nixon and then Attorney General John Mitchell.

Oil imports: The oil import quota system was estimated in 1972 to cost consumers up to $5 billion a year. The Treasury gets none of it; oil companies get it all. A Cabinet-level task force recommended in 1970 that the quota system be scrapped. Peter Flanigan is known to have stopped the original report and guided the work of a successor panel which brought in the opposite verdict.

In firm control of the oil import control system, Mr. Flanigan embarked on Phase II. According to *The Oil Daily*, "orders have now gone down" to the Oil Policy Committee to report by April 1, 1973 on the import of new gas sources. The Committee was expected to recommend "large scale imports of LNG (liquified natural gas) and oil for SNG (substitute natural gas)," to meet the increasing gas shortage.

Mr. Flanigan apparently finds no conflict of interest in the fact that Texas Eastern Transmission Corporation, mentioned above, is planning a SNG facility which will require 125,000 barrels per day of imported naphtha. It has also applied for permission to import LNG from Algeria (on a temporary basis, thus far) to a terminal facility on Staten Island. Dillon-Read underwrote the first offering of TETCO common stock in 1947 when it was formed, and it has underwritten every one of TETCO's public debt issues since that time. TETCO has been Dillon-Read's creation and, to a large degree Peter Flanigan's. In an oil market controlled by the White House, Peter Flanigan was in a position to insure the continued prosperity of his corporate ward.

The Sansinena case: In March 1970, Senator Joseph Tydings accused Mr. Flanigan of obtaining an "exemption" from the Treasury Department for a foreign tanker named "The Sansinema," to engage in domestic shipping. Mr. Flanigan was also the owner of the Sansinena and, according to Senator Tydings, the permit to allow the ship to engage in domestic shipping increased the value of the Flanigan company by up to $6 million. Mr. Flanigan's father held his shares in the company. It should be noted that a similar request was turned down by the Navy during the Johnson Administration. Shortly after Senator Tydings' speech, the Treasury Department suspended the exemption fearing a possible congressional investigation.

Political sabotage of Senator Tydings: A few months after the Tydings' speech on the Sansinena exemption, Senator Tydings was made the subject of a damaging *Life magazine* article which accused him of using his political office to advance a private financial venture. Tydings was said to have appeared personally before an AID officer to secure a $7 million loan for his company in Nicaragua, which loan was approved.

Senator Tydings has accused Mr. Don Hoffgren, Assistant to Mr. Flanigan for AID matters, as the person who fed the erroneous story to *Life magazine*. Tydings said that Hoffgren was in a position to know of the joint venture in the Nicaraguan project with Tydings business associates.

I have looked further into this matter and have received some unsubstantiated allegations that Mr. Charles Colson, a White House aide, and two high-level State Department employees conspired to withhold the State Department investigation on this affair which cleared Senator Tydings of any wrongdoing, until after the 1970 election. If this allegation is true, it demonstrates that the State Department was used for highly partisan purposes.

Was Mr. Flanigan involved in the leak to *Life magazine* about Senator Tydings? Did he conspire to withhold results of the State Department investigation clearing Senator Tydings until after the 1970 election? These are areas which should be explored especially since Mr. Flanigan is being considered for a State Department post.

On June 1, 1974, Special Prosecutor Leon Jaworski told U.S. District Chief Judge George L. Hart, Jr. that a Watergate grand jury has "circumstantial and direct evidence" that large contributors to President Nixon's 1972 re-election campaign sought or were promised federal jobs in return for their donations. Jaworski made this disclosure in papers filed with Judge Hart to explain why the Special Prosecutor's office needed access to correspondence between former President Nixon and Maurice Stans concerning federal job appointments. According to Jaworski, the evidence to support such a request came from several persons, including White House aides H. R. Haldeman, Lawrence M. Higby, Peter Flanigan, Frederick C. Malek and Stanton Anderson. It is my belief, therefore, that Mr. Jaworski holds evidence which would be important to your committee's inquiry.

On the basis of the information which I possess concerning Mr. Flanigan, I could not in good conscience vote to confirm him as Ambassador to Spain. I believe that we should expect much more from those who represent the United States in foreign countries. Mr. Flanigan's ability is well known, but should the Senate reward him with one of the most prestigious titles our government can confer simply because he, unlike his many cohorts at the Nixon White House, has thus far escaped the long arm of the law?

For your information, I will deliver a speech on this subject Wednesday on the floor of the Senate. At that time I will ask President Ford to withdraw Mr. Flanigan's nomination.

Thank you very much for considering my views.

Sincerely,

THOMAS F. EAGLETON,
U.S. Senator.

Mr. EAGLETON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President, how much time remains under the Senator's order?

The PRESIDING OFFICER. There are 6 minutes remaining.

Mr. EAGLETON. I yield 6 minutes to my distinguished colleague from West Virginia.

Mr. ROBERT C. BYRD. I thank my distinguished colleague and friend from Missouri, and I compliment him on his speech.

PETER FLANIGAN AND ITT

Peter Flanigan was an important business-oriented aide in the Nixon White House.

As such, he came to be one of the key figures in the nomination hearings before the Senate Judiciary Committee of Richard Kleindienst to be Attorney General. I am a member of that committee and was a member at the time of those hearings. The hearings, which ultimately produced a guilty plea by Mr. Kleindienst in Federal court for failure to respond fully to the committee's questions, became popularly known as the ITT hearings, due to allegations of high Government misconduct in the settlement of the Justice Department's antitrust suit against the International Telephone & Telegraph Co.

Mr. Flanigan became a central figure in the case when it was discovered that he had secured the services of an outside financial analyst, Richard Ramsden, to do a financial study of the effect upon ITT of the proposed Justice Department divestiture of the Hartford Fire Insurance Co. from ITT. This report was used as the analysis to persuade the Chief of the Antitrust Division, Richard McLaren, that the Justice Department studies of 2 years were incorrect and that ITT should not lose Hartford Fire.

The roles of Mr. Flanigan and other top administration officials—notably Attorney General John Mitchell and Richard Kleindienst—in the settlement of the ITT case at the same time as ITT was pledging $400,000 to San Diego, Calif., for the 1972 Republican National Convention are murky at best.

The now famous Dita Beard memorandum stated that the favorable antitrust settlement for ITT was the result of negotiations between high ITT officials and top Presidential officials resulting in ITT's $400,000 pledge to the 1972 Republican National Convention site.

When the Judiciary Committee attempted to call Mr. Flanigan to testify during the hearings, the White House indicated that Flanigan would not be allowed to testify. When it became apparent that the committee would not act

on Mr. Kleindienst unless Flanigan testified, the White House position changed somewhat. Mr. Flanigan offered to respond to interrogatories sent by the committee. The committee rejected the offer. Then Mr. Flanigan offered to appear in executive session of the committee and respond to a narrowly drawn area of questioning. Finally, the committee accepted the narrow field of questioning in exchange for a public session.

The substantive role played by Mr. Flanigan in getting prepared the outside financial analysis from Mr. Ramsden that was so persuasive to the Antitrust Division and Chief Richard McLaren in the key event involved in the ITT controversy and the executive privilege cloak that was attempted to be placed around him to prevent the Judiciary Committee from fully questioning him on his role in the ITT settlement, makes him a questionable figure, at best, in light of the later Watergate related investigations.

In summary, Mr. Flanigan was essential in the changing of the Justice Department's position on the ITT case; that position was allegedly changed due to ITT's offer of $400,000 to the Republican National Committee site in 1972; the resistance of the White House to allowing Flanigan to testify before the Judiciary Committee; the subsequent referral of the Kleindienst hearings to the Justice Department for possible perjury charges by the committee; the subsequent guilty plea in Federal court by former Attorney General Richard Kleindienst concerning his testimony during his confirmation hearings; and the subsequent knowledge that the ITT hearings were really the first tip of the iceberg of Watergate-related offenses that were opened up by congressional hearings, leads me to the inescapable conclusion that Mr. Flanigan is not a suitable man, under the circumstances that I have enumerated, to represent the United States as an Ambassador.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my time under the order allotted to me be yielded to the distinguished majority leader for whatever use he may desire to make of it.

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

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. HATHAWAY). Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes each.

PUBLIC CONFIDENCE CONTINUES TO FALL

Mr. HARRY F. BYRD, JR. Mr. President, a basic problem facing our country is a lack of confidence.

The average citizen, it has been my observation, is concerned just where our country is going economically, and perhaps politically.

Albert Sindlinger, whose marketing opinion research organization telephones consumers around the United States, reports that confidence has been on a downslide for quite awhile—and is continuing its downward trend.

His polling, which he has been doing for 20 years, indicates that the public is becoming more and more "antibusiness, antilabor, and anti-Government."

Mr. Sindlinger's report says that President Ford's series of highly publicized economic summit meetings is adding to the growing confidence slide. I am not sure just why this should be the case. But, Mr. Sindlinger's polling results through the years suggest that what he is saying should not be written off.

For example, he predicted in early July that the stock market, already low, should fall by 20 percent in the next 8 weeks, and by 25 percent in the next 15 weeks. Actually, the market fell slightly more than 20 percent in the following 9 weeks. He today predicts a further substantial decline.

Consumer confidence is, of course, a vague concept—but is of much importance. If the consumer is cautious and uneasy, as he appears to be today, it affects adversely the economic outlook.

In dealing with the economic problems besetting our Nation, the Members of the Congress need as much information as can be obtained—and this includes information on consumer economics. Mr. Sindlinger is providing a copy of his Consumer Confidence Report to each Member of the Senate and House of Representatives.

In talking with him today, he expressed a deep concern that the economy is downsliding, and he is making available to the individual Members of the Congress his reasons for such a view, based on polling techniques and procedures which he has been using for 20 years.

My own instinct suggests to me that we do have a crisis of confidence on the part of the public—born, I should judge, from uncertaintly.

I am convinced also that the public senses better than does official Washington that our Nation has been and is now on an unsound course which can be remedied only by time and imagination.

THE NOMINATION OF PETER FLANIGAN

Mr. COTTON. Mr. President, I have just learned that while I was detained in committee during this morning hour, both the distinguished Senator from West Virginia, the assistant majority leader (Mr. ROBERT C. BYRD), and the distinguished Senator from Missouri (Mr. EAGLETON) spoke, making certain allegations and attacking Peter Flanigan, who is under consideration for appointment as Ambassador to Spain.

I merely want to take this opportunity to say, Mr. President, that long before the ITT episode occurred, even in the very early days of the Nixon administration, Mr. Flanigan was bitterly attacked on the floor of the Senate concerning matters that were known to me and that were in the purview of the Commerce Committee and, at that time, I think I was able to set the record straight. At least, I presented the case in defense of Mr. Flanigan.

Mr. President, I have just learned of the speeches; I have not even had a chance to read them, but I simply want to serve notice that if there is some way perhaps later today that I can get some time, or if I have to wait—I wonder if the opportunity presented itself, if the majority leader would help me some time within the next 2 days to receive 20 minutes—at least——

Mr. MANSFIELD. Of course. There is no problem.

Mr. COTTON (continuing). to discuss the case.

I appreciate the courtesy of the majority leader and, as soon as I have had an opportunity to get the facts I wish to present them as I did when the attack on Mr. Flanigan started long ago. I feel confident that once again, when the facts are presented, Mr. Flanigan will be vindicated of charges made against him.

I thank the majority leader.

SECURITY OF U.S. NUCLEAR WEAPONS IN EUROPE

Mr. PASTORE. Mr. President, last evening on a national network Congressman CLARENCE LONG discussed the security of the U.S. nuclear weapons in Europe. Now that this matter has been brought out in the open I feel it is incumbent upon me and my colleagues on the Joint Committee on Atomic Energy to report to the Senate and the people of the country on the part that our committee has played in this matter back to November 1972. The reason for not having made our position publicly known before was because of the sensitivity and the classification involved and of equal importance because of the effect that public discussion of a matter of this nature would have upon those who might be stimulated in activities of terrorism. In other words, we did not want to give the hint to any madmen, and that is the reason why we did not discuss it publicly.

Now, in November of 1972, as chairman of the Joint Committee on Atomic Energy, I directed the deputy director of the committee staff, Mr. George Murphy, to go to Europe and to review security practices and procedures concerning nuclear weapons at certain NATO installations.

His report to the committee on this matter pointed out weaknesses in the security arrangements to protect nuclear weapons in peacetime as well as raised questions on the vulnerability and use-

fulness of these weapons in the event of a surprise attack.

To verify these disturbing findings, Senator BAKER and I visited a significant sampling of nuclear installations during the week beginning March 19, 1973. We not only verified the findings of the November report but we were even more disturbed by the situation. While it was clear that at the sites we visited certain improvements had been made since the November visit, nonetheless, the basic vulnerability to terrorist attack remained.

Senator BAKER and I wrote a classified report of our visit to NATO on this highly significant matter and sent copies to the Secretary of Defense and the chairman of the Atomic Energy Commission. At the time of our visit Elliot Richardson was Secretary of Defense. Subsequently, I have discussed this matter in considerable detail with Secretary of Defense James Schlesinger on several occasions.

In June 1974 at the request of Chairman PRICE and myself, the deputy director of the committee staff again visited NATO nuclear weapons sites as a follow-up to the two earlier committee reports. While noting certain improvements in security practices and procedures, his conclusion remained that certain sites continued to appear to be vulnerable to terrorist attack.

Since our first report in 1972 and based largely on our insistence, certain concrete steps have been taken. Of course because of national security I cannot go into great detail as to just what sites were affected and where they are, but I will say that at one base nuclear weapons were removed entirely. In another case a facility where nuclear weapons have been stored is about to be closed down. Further, certain changes in the disposition of nuclear weapons have taken place.

A great deal more remains to be done, and I want to congratulate the House Appropriations Committee for becoming involved in this matter. I consider this matter of paramount importance and great concern to the American people.

I have been assured by Secretary of Defense Schlesinger, General Goodpaster, Supreme Allied Commander, Europe, and by NATO Ambassador Rumsfeld that they all agree that it is imperative that nuclear weapons abroad be made invulnerable to terrorist attack. Despite these assurances, it is my serious recommendation that if this situation persists, the only alternative we have is to remove a number of nuclear weapons from NATO or any other place where they may be vulnerable. Otherwise, any incident would be counterproductive to the reason they were put there in the first place.

Mr. President, here we are; we have been talking for days and days and days about the possibility of terrorists stealing plutonium while it is being shipped.

That is an insignificant problem when comparing it to the ghastly possibility of the theft of a complete atomic weapon.

When we deal with plutonium, first of all, we take a chance of becoming personally radiated. Second, we have got to know how to put it together to make a bomb.

We have all these already fabricated bombs lying around, sometimes not only atomic weapons, but we have conventional weapons in the same storage place as well, and the situation is deplorable.

When we discussed this matter with General Goodpaster, who is at the head of NATO, and discussed it with other military officials in Europe, we told them there was hesitancy on the part of our NATO allies to come up with the necessary money in order to make the improvements.

I can understand their reluctance because, after all, Uncle Sam is always Santa Claus. If they do not come along with the money, eventually we will do it all.

All I say is that the time has come that unless these improvements are made, what we should do is take those weapons out of Europe, because that is the only way we can protect them against terrorists.

Mr. President, I am very happy that this matter came up on a national hookup last night. The only trouble is that nobody took the trouble to come and ask the Joint Committee on Atomic Energy what this was all about. The Joint Committee has been investigating this since November 1972.

I would hope that both the Defense Secretary and the President of the United States take action, because I say to you, Mr. President, unless President Ford himself makes the demand upon our allies, I am afraid something is going to happen.

In many of these instances, these depositories are outside of some of our airfields which are under the supervision of a foreign government. These same depositories are of World War II vintage and, they are not always the best place to store nuclear weapons.

I say that this is very important and rather than worry so much about who is going to attack an American truck when it is transporting nuclear or fissionable material, we should start worrying about these bombs.

If a terrorist—and it is not that difficult breaking into one of these depositories—takes one of these bombs and it is heralded all over the world, I am telling everyone that we are going to be in a bad way.

Mr. President, I am happy that this matter came up. I repeat again, the only reason why we did not discuss this on the floor of the Senate before is because we have wanted the Defense Department to do something about it.

It is highly classified as to where these are, we could never be specific, but just equally as important, as I have already said, we did not want to give some madman the hint.

It would be obvious to anyone who passed one of these depositories what is stored there. They have these tremendous searchlights that light up the night. Then they have a certain type of fence.

Now, how long would it take 12, 13, or 14 terrorists to shoot them, jump over the fence, break open one of these depository igloos, grab one of these weapons and say, "The next move is yours"? Where would we be?

I am hopeful that this administration and I am not being critical of any administration—specifically, I hope that the President of the United States will get busy about this and do something about it.

I want to congratulate my colleague from Tennessee (Mr. BAKER). After all, it was not a pleasant trip. We started out on a Monday, we went all over Europe and were back home Friday.

We did not have that much time. We used to get up at 7 o'clock in the morning and go to bed at almost midnight every night just to make sure we were carrying out our responsibilities.

I want to say to the Senate, that was no junket trip. As a matter of fact, it was a hard trip that we took at a very inconvenient time, but we thought it was necessary for us to go and verify the report that was made by George Murphy to our committee.

I yield to my distinguished friend from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, thank you very much for recognition at this point.

I associate myself with the remarks of the distinguished senior Senator from Rhode Island who has dealt in some detail and with great accuracy and grace on a matter of extreme importance to this country and the world.

As chairman of the Joint Committee on Atomic Energy and now as vice chairman, soon to be chairman once again, he has always had a keen concern for our nuclear responsibility and he continues to have it.

I am happy to be of whatever assistance I can in fully exploring this subject and providing whatever suggestion and useful information we may in that respect.

Mr. President, I come from Tennessee, which in many ways is the birthplace of the nuclear bomb.

I recall as a young man in the U.S. Navy during World War II learning of the first nuclear explosion in Japan. I remember then my recollection of Oakridge, Tenn., which was a Federal compound surrounded by fencing and guarded by helmeted troops and armored personnel carriers. Machinegun turrets were located at the main entrances to that facility. There were in all the world at that time only two known nuclear weapons. One was exploded over Nagasaki, and one was exploded over Hiroshima.

Such extreme, extraordinary security measures were taken to protect those devices, to protect the knowledge that they existed. America was truly, the world was truly, in awe of this horrendous new weapon. They were awe struck at the catacylsmic power that scientists unleashed that could kill not only thousands but hundreds of thousands of people in a single explosion. We have come a long way since then. We have come a long way. There are no longer one, two, or three nuclear weapons. There are thousands of nuclear weapons.

There are literally thousands of these now, and they are no longer protected

with the precautions at the height of World War II.

As the Senator from Rhode Island pointed out, they are presently in many parts of the world in numerous enclaves protected with various degrees of efficiency. They are vulnerable.

I do not wish to encourage anyone to indulge their sense of adventure by trying to penetrate one of these enclaves or to be in possession even temporarily of a nuclear bomb. I warn them right now the chances of escaping with their life are very remote. A person would probably have his head blasted off if he tried.

Do not get the idea that we are advertising to the world that America's nuclear arsenal is available to any terrorist who wants to try it. It is not. But the security is not what it ought to be and what it was during the time of World War II.

I am concerned. I am concerned about our command and control mechanisms. I am concerned about our communications capability. I am concerned about the physical security of the weaponry. I am concerned about the reserve military forces that are available in case there is an attempt to take them over. I am concerned about their vulnerability to encroachment by a military force from only a few miles away in some cases where these weapons may be deployed near the frontier of another country. I am concerned with our ability to destroy them, if that becomes necessary, with the locking mechanisms, with the so-called double key system for the protection against inadvertent explosion. What I am saying is I am concerned about the nuclear knowledge.

I am not sure there is any answer, except maybe to bring them all home. I am not prepared to say we can do that. All I can say at the moment, while I continue to agonize over this question, is that we have to be exquisitely careful in our storage of nuclear weapons, and I do not believe we are now. We have improved it greatly since Senator PASTORE and I were in Europe. Many improvements were done at our suggestion and at the suggestion of the staff of the Joint Committee on Atomic Energy, particularly Mr. Murphy. But much more remains to be done now, as a result of the interview on network television last night, now that the subject is fully in the public arena. I believe it is time that we turned our attention to the importance and significance of this crucial matter.

Let me reiterate, I am not advertising to the terrorists of the world that they can have an American nuclear bomb for the asking. They cannot. I do not believe they will succeed. America will take whatever measures are necessary, in my judgment, to see that they do not succeed. But I am also saying to our own Government, and this Congress, to the people of the United States, that we have lost our awe of nuclear weaponry.

While, as the saying goes, we have not learned to love the bomb, we certainly have learned to live with it; but if we ever lose one, we may not live much longer.

AMENDMENT OF THE NATIONAL BANK ACT, THE FEDERAL DEPOSIT INSURANCE ACT, AND THE NATIONAL HOUSING ACT

Mr. BROCK. Mr. President, from the Committee on Banking, Housing and Urban Affairs, I report S. 3817, to amend the National Bank Act, the National Housing Act, the Federal Deposit Insurance Act, and the Small Business Investment Act, and for other purposes. I ask unanimous consent that S. 3817 be laid before the Senate for immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3817) to amend the National Bank Act, the Federal Deposit Insurance Act, the National Housing Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing and Urban Affairs with an amendment to strike out all after the enacting clause and insert:

S. 3817

An act to amend the National Bank Act, the Federal Deposit Insurance Act, the National Housing Act, the Small Business Investment Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INTEREST RATE AMENDMENTS REGARDING STATE USURY CEILINGS ON BUSINESS LOANS

SEC. 101. Section 5197 of the Revised Statutes, as amended (12 U.S.C. 85), is amended by inserting in the first and second sentences before the phrase "whichever may be the greater", the following: "or in the case of business or agricultural loans in the amount of $25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located,".

SEC. 102. The Federal Deposit Insurance Act (12 U.S.C. 1811–31) is amended by adding at the end thereof the following:

"SEC. 24. (a) In order to prevent discrimination against State-chartered insured banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank would be permitted to charge in the absence of this subsection, a State bank may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such State bank would be permitted to charge in the absence of this paragraph, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than is allowed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the State bank taking or receiving such interest.".

SEC. 103. Title IV of the National Housing Act (12 U.S.C. 1724–1730(d)) is amended by adding at the end thereof the following:

"SEC. 412. (a) If the applicable rate prescribed in this section exceeds the rate an insured institution would be permitted to charge in the absence of this section, such institution may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the institution is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such institution would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than that prescribed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the institution taking or receiving such interest.".

SEC. 104. Section 308 of the Small Business Investment Act of 1958, as amended (15 U.S.C. 661), is amended by adding at the end thereof the following:

"(h)(1) In order to facilitate the orderly and necessary flow of long-term loans and equity funds to small business concerns, as defined in the Small Business Act, if the maximum interest rate permitted by the Small Business Administration exceeds the rate a small business investment company would be permitted to charge in the absence of this subsection, such small business investment company may in the case of business loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any such loan, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect ta the Federal Reserve bank in the Federal Reserve district where the small business investment company is located.

"(2) If the rate prescribed in paragraph (1) exceeds the rate such small business investment company would be permitted to charge in the absence of this subsection, and such State fixed rate is thereby preempted by the rate described in paragraph (1), the taking, receiving, reserving or charging a

greater rate than is allowed by paragraph (1), when knowingly done, shall be deemed a forfeiture of the entire interest which the loan carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of interest paid from the small business investment company taking or receiving such interest."

SEC. 105. If any provision of this title or the application of such provision to any person or circumstances shall be held invalid, the remainder of the title and the application of such provision to any person or circumstance other than that as to which it is held invalid shall not be affected thereby.

SEC. 106. The amendments made by this title shall apply to any loan made in any State after the date of enactment of this title, but prior to the earlier of July 1, 1977, or the date (after the date of enactment of this title) on which the State enacts a provision of law which prohibits the charging of interest at the rates provided in the amendments made by this title.

TITLE II—APPLICABILITY OF STATE USURY CEILINGS TO CERTAIN OBLIGATIONS ISSUED BY BANKS AND AFFILIATES

SEC. 201. Section 19 of the Federal Reserve Act is amended by adding at the end thereof the following new subsection:

"(k) No member bank or affiliate thereof, or any successor or assignee of such member bank or affiliate or any endorser, guarantor, or surety of such member bank or affiliate may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such member bank or affiliate or to any other person."

SEC. 202. Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end thereof the following new subsection:

"(k) No insured nonmember bank or affiliate thereof, or any successor or assignee of such bank or affiliate or any endorser, guarantor, or surety of such bank or affiliate may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such bank or affiliate or to any other person."

SEC. 203. Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended by adding at the end thereof the following new subsection:

"(e) No member or nonmember association, institution, or bank or affiliate thereof, or any successor or assignee, or any endorser, guarantor, or surety thereof may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member or nonmember association, institution, bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken,

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the National Bank Act, the Federal Deposit Insurance Act, the National Housing Act, the Small Business Investment Act, and for other purposes."

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the bill be held at the desk until the close of business Friday, September 27, 1974.

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

SENATE RESOLUTION 410—RESOLUTION IN SUPPORT OF THE EFFORTS OF PRESIDENT FORD IN SEEKING WORLD ECONOMIC STABILITY

Mr. METZENBAUM. Mr. President, I submit a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

Whereas the economy of the United States, as well as the economies of her allies and the less developed nations of the world, has been severely affected by the geometric and unabated rise in the price of petroleum; and

Whereas the actions of the Organization of Petroleum Exporting Countries in fixing the price of oil represent a dangerous and artificial rigging of a vital commodity market and run counter to the classic economic principles of supply and demand; and

Whereas disruptive flows of monetary reserves imperil world financial institutions and threaten to overwhelm international capital markets; and

Whereas unprecedented inflation in the price of petroleum is and will continue to be a major contributor to inflation in countless sectors of the world economy, inflation which threatens the economic structure of the United States and the free world; now therefore be it

Resolved, That it is the sense of the Senate that the well-being of the world and all of its people is gravely threatened by exorbitant or rigged foreign oil prices. It is further the sense of the Senate that Congress and the American people support President Ford and Secretary Kissinger in their call to the OPEC nations to lower the price of petroleum.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. MANSFIELD. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The resolution will go over under the rule.

Mr. METZENBAUM. Mr. President, noting that the resolution goes over under the rule until the conclusion of morning business tomorrow, due to the fact that I shall not be present tomorrow by reason of a holiday for myself, I ask unanimous consent that the measure lie over until Monday at the same time, at the conclusion of morning business.

The PRESIDING OFFICER. Is there objection?

Mr. ABOUREZK. Mr. President, reserving the right to object, I shall not object, but I do want to ask one or two questions of the Senator from Ohio concerning this resolution.

Is this the resolution that endorses President Ford's attack yesterday as well as the threats delivered by President Ford, Secretary Kissinger, and Secretary Simon upon oil exporting nations that are in the OPEC cartel?

Mr. METZENBAUM. No, it is not. The resolution supports President Ford's call upon the OPEC nations to roll back the petroleum prices, not supporting any threats, which I am not familiar with, but rather because I firmly believe that the high price that we are paying for OPEC nations oil is contributing to the problems of inflation in this country, and unless we do roll back the price of that oil, I do not think we can control the problem of inflation.

Mr. ABOUREZK. Mr. President, before I make a couple of points on this resolution, I want to make it very clear to the Senate and to the Senator from Ohio that I, too, believe that oil prices ought to come down, both the prices of oil presently being exported by the OPEC nations and also the prices on oil that is produced here domestically.

I wish to advise the Senate at this point that all of the hullaballo and the hysteria that has developed as a result of what the President and two Cabinet members as well as other, lesser lights in our Government said a couple of days ago—and over the past few weeks—about oil prices from the OPEC cartel, is creating what I believe to be a smokescreen to hide, in part, what is happening with the domestic oil industry with our energy prices.

I know that the Senator from Ohio does not want to become involved in that kind of thing by way of creating a smokescreen for the domestic oil industry, but I should like to remind the Senator of some statistics that have been developed recently by various agencies of our Government.

While the price of OPEC oil has increased 225 percent since last October, we import only 15 percent of our total energy needs from the OPEC cartel. The other 85 percent is furnished by domestic States.

If the Senator is searching for the source of inflation, 15 percent of it comes from the OPEC cartel. Eighty-five percent comes from the domestic energy industry, which since October 1973 has increased the price of coal by 133 percent, the price of crude oil by 92 percent, and the price of propane by 169 percent.

So, while I join the Senator from Ohio in his concern about the increase in oil prices coming from OPEC-producing countries, I would suggest to the Senator and to other people who are concerned that we not restrict our threats to the OPEC countries. I believe that threats to other sovereign nations may not be as beneficial as negotiations. We might consider threatening where we have the power to deliver that threat, and that is to the domestic oil industry, which is a virtual monopoly within the United States.

I wonder whether the Senator would be willing to comment on that.

Mr. METZENBAUM. Mr. President. I appreciate the comments of the distin-

guished Senator from South Dakota. As he well knows, I share his concern about the high prices as well as the profits of domestic oil companies. This resolution does not address itself to that subject.

The Senator from South Dakota knows that the more we pay OPEC nations for oil, the more it is possible for domestic oil companies to charge for new oil in this country. Therefore, the thrust of this resolution, as I see it, is an indication to the people of this country and of the world that the Senate supports the President in calling upon the OPEC nations to turn back or to reduce the price, which has gone up about fourfold in the last 2 years.

I do not use the word "threat" and would not want to use the word "threat." Nowhere in this resolution is any suggestion of that made. I do not believe that international policies, international economics, or international finance should be based on the matter of a "big stick" or threats.

I do believe that the President enunciated clearly that the economic problems of this country are of such a nature that we cannot continue to export capital at the present rate to the OPEC nations. As long as there is in excess of a $3 billion shortfall of capital to this Nation, there will not be adequate funds in this country to do the things that have to be done in our country. The net result will be that interest rates, which we are all concerned about, will continue to be at a high level, domestic oil prices will continue to be at a high level, and food prices will continue to be at a high level.

I think there is no more challenging problem that any of us face than the entire question of inflation. The buck stops here with respect to that problem. Much of it really lies in the tremendous increase we are paying for imported oil from OPEC nations.

Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Wall Street Journal of September 23, 1974, by James C. Tanner. The title of the article is: "Saudi Oil Chief Sees 'Major Recession' Due to High Prices but He Backs OPEC."

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

SAUDI OIL CHIEF SEES "MAJOR RECESSION" DUE TO HIGH PRICES BUT HE BACKS OPEC

(By James C. Tanner)

NEW YORK.—Still maintaining that Persian Gulf posted petroleum prices are $2 a barrel too high, Sheikh Ahmed Zaki Yamani of Saudi Arabia said he anticipates a "major world recession" due in part to expensive oil.

Nonetheless, the Saudi oil minister all but eliminated the possibility of his government taking any action on petroleum prices that could lead to disunity in the Organization of Petroleum Exporting Countries, or OPEC. He pledged only that Saudi Arabia will "study what we can do unilaterally in the framework of our general policy to preserve OPEC."

Indeed, Sheikh Yamani indicated Saudi Arabia's oil prices, at least those paid by the oil companies for the government's oil, might be further increased in the fourth quarter. He said such a boost would come if other Persian Gulf countries again raised their "buy-back" prices.

"We told the oil companies last June any price given to any producer in the (Persian Gulf) area will be immediately applicable in Saudi Arabia," he said.

On his way to Detroit, where he will address a world energy conference today, Sheikh Yamani stopped over in New York for a long informal session with newsmen. At the news conference, and later in an interview, he touched on a number of points regarding oil.

NO TIME SCHEDULE

He insisted he wasn't in New York to negotiate with the four U.S. oil companies that share ownership with the Saudi government in Arabian American Oil Co., or Aramco. He said that while he is in "constant communication" with the companies, he wasn't "pressing" them on the Saudi government's plan for a complete take-over of Aramco. Although other sources have suggested that Saudi Arabia hopes to complete the take-over before year-end, he said the government doesn't "have any time schedule" for such an arrangement.

The Saudi government currently owns 60% of Aramco, which produces most of the kingdom's oil. The other 40% is held by Exxon Corp., Texaco Inc., Standard Oil Co. of California and Mobil Oil Corp.

Mr. Yamani indicated that once the take-over is completed, the oil companies will get preferential treatment in buying back the Aramco oil they will give up. "They won't have to stand in line for the oil," he said. Also, he said, the price the companies pay for the oil will be less than what they are currently paying the government for its share of Aramco's crude production.

SOUGHT TO EXPLAIN BOOST

The Saudi official also sought to explain again how and why Saudi Arabia increased its buy-back price to the oil companies for the third quarter at a time it claimed publicly to be working toward lower world oil prices.

In September 1973, he said, Saudi Arabia verbally agreed with the oil companies that the buy-back price for the government's oil, then 25% of Aramco's output, would be the same as the price that Petromin, the government state-owned oil company, received in its sales on the open market.

Prior to last October, when the OPEC member nations initiated their sharp upward swing in posted prices, Petromin had been charging 93% of the posted price of Saudi crude. This led to the general belief that the Aramco companies would pay 93% for the Saudi oil they bought.

But beginning last November, Mr. Yamani said, Petromin began receiving over 93% of the posted price (he didn't say how much more) because of the rocketing rise in oil prices everywhere.

Effective this past July 1, the buy-back price for other Persian Gulf crudes, specifically Kuwaiti oil, went to nearly 94.9% of the posted price. That percentage also became effective immediately for the Saudi buy-back price, making the government oil $11.05 a barrel on a posted price of $11.65 a barrel.

CANNOT GIVE PREFERENTIAL TREATMENT

"The 94.9% wasn't started by Saudi Arabia, but Saudi Arabia cannot give the oil companies any preferential treatment to increase their profits even though our aim is to lower the market price to consumers," Mr. Yamani said.

Gulf Oil Corp. and British Petroleum Co. are currently negotiating with Kuwait for fourth quarter buy-back prices in that country. If the percentage again is increased, the buy-back price in Saudi Arabia also will be increased for the 4.8 million barrels a day of the Aramco oil that the companies buy from the Saudi government, Mr. Yamani said.

If, however, the Kuwaiti buy-back price is lowered, that doesn't necessarily mean that the buy-back price in Saudi Arabia will be reduced. It means only, Mr. Yamani said, that the Aramco companies will pay whichever is higher of either the weighted average of the Petromin sales or the buy-back price charged elsewhere in the Persian Gulf.

As for world oil prices, Mr. Yamani said he believes they should come down $2 a barrel since the increases by OPEC last winter built in for petroleum "all the inflation for the last 10 years and probably to 1976." He said Saudi Arabia is continuing to call for a reduction in the posted prices but that it has been getting very little support in OPEC. He confirmed, however, that both Algeria and Kuwait endorsed the Saudi suggestion at the recent Vienna meeting of OPEC. And he said Iran didn't oppose the proposal.

DISAGREED WITH THEORY

Mr. Yamani disagreed with the theory being advanced by most oil observers that posted prices have become meaningless in view of the increasing government ownership of the oil produced on their soil.

Previously, the posted price was a theoretical figure used by the governments only to calculate the taxes and royalties due them from the oil companies they hosted. Of late, though, the main use of posted prices has been to calculate buy-back prices that oil companies pay to acquire the oil flowing to host governments from their share in oil operations.

Mr. Yamani said that posted prices are still important. "If I want to help the consumers I have to reduce the posted price," he said, but he conceded that when the Saudi government completes the Aramco take-over there won't be any further need for a multitiered pricing system. Saudi Arabia will have to set only a single market price at which it will sell its oil.

The Saudi official differed with U.S. government estimates that the world oil surplus is currently narrowed to about one million barrels a day. He said the surplus has grown to at least three million barrels a day, despite production cutbacks in some OPEC countries.

He said Saudi Arabia won't join other OPEC nations in cutting production to prop prices. Neither, he said, will it increase its output to put additional downward pressure on oil prices. "Saudi Arabia can't drink its oil," he contended.

Mr. ABOUREZK. I am glad to hear that the Senator from Ohio does not consider President Ford's statement or the Cabinet members' statements any kind of threat or implied threat to the oil-exporting nations; because I, for one, sincerely believe that we ought to bring down prices of foreign oil, that we ought to try to reduce them, but by cooperation and negotiation. I do believe that the Middle East countries which are exporting a considerable amount of oil consider what President Ford said to be a threat, and I am glad that the Senator has made it clear that he would not endorse such a threat.

Mr. METZENBAUM. I certainly am not a spokesman for the President of the United States.

Mr. ABOUREZK. I wonder whether the Senator also believes, as some people do, that, by way of retaliation, we ought to cut off food supplies to those coun-

tries that are maintaining high prices for oil we import?

Mr. METZENBAUM. I am a peace-loving man who would like to work out the problems we have with the other nations of the world. I do not believe in using the "big stick," and I do not believe in saying that the answer to the problems of high oil prices is causing people in the other parts of the world to starve. I would not be in favor of using food as a threat over the OPEC nations which continue high prices. That might increase the price of food, but I do not think we would cut them off from an opporunity to buy.

Mr. ABOUREZK. I would be in favor of that, because it would help my constituents in South Dakota if that were to be the case. But it would hurt my constituents to cut off the supply of food, to say nothing of other, more far-reaching consequences.

As a matter of fact, I know that the Senator from Ohio was opposed to that kind of policy before I asked. The reason I brought it up was simply to point out that there is a great deal of hysteria, most of it centered in Washington, D.C., that concerns food embargoes and high oil prices.

The PRESIDING OFFICER. The time for morning business has again expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended for an additional 5 minutes, because I have some questions I should like to raise.

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

Mr. ABOUREZK. It concerns preelection politics in this country with regard to the Middle East situation. I would hate to see this kind of thing—the implied threats by the President and members of his Cabinet, the joining of those threats by the Senate or by any group of Senators. I would hate to see anything damaging to the interests of the United States, by virtue of whether it be an angering of the oil exporting countries over unfair policies, or whether it would mean an escalation of the rhetoric, and then of arms shipments, and then of a conflict that might involve the two superpowers, Russia and the United States, in a nuclear confrontation. I sincerely believe that that could very well be the end result of what we consider harmless preelection demagoguery concerning high oil prices.

I know that the Senator is not involved in that—I concede that—but a lot of people are. I would hate to see the interests of the United States of America damaged through that kind of hanky-panky.

I am very glad to hear that expression from the Senator, who I know is absolutely sincere in what he is attempting to do. But I believe there are some people in this country who are not that sincere and who are playing other kinds of politics, to the detriment of the people of this country.

I thank the Senator for yielding.

Mr. MANSFIELD. Mr. President, reserving the right to object—and I shall withdraw my objection shortly—I think this has been a most interesting and constructive colloquy which has taken place this morning between the distinguished Senator from South Dakota (Mr. ABOUREZK) and the distinguished Senator from Ohio (Mr. METZENBAUM), the sponsor of the resolution.

According to the public press, stories have been emanating from various parts of the Middle East—to wit, Beirut—to the effect that what President Ford, Secretary Kissinger, and Secretary Simon have been saying in recent days amounted to a threat, unless the members of OPEC, the oil-producing nations, reduced their prices and made oil more available. That is a gross misapprehension of what President Ford has said.

I recall to my colleagues the words of Sheik Yamani, the Saudi Arabian oil minister, on yesterday, in Chicago, when he said, in effect, that he thought the speech by President Ford at Detroit was a well-balanced speech. Those are not his exact words, but they are almost his exact words. I think that was a far better reaction than the one supposedly carried in certain newspapers in the Mideast, which indicated that President Ford was implying a threat of war if conditions did not change.

What did the President say? He said on Monday that artificial rigging of oil prices could bring "disastrous consequences." Then the President said:

> Throughout history, nations have gone to war over natural advantages such as water or food or convenient passages on land or sea.

Then he added:

> But in the nuclear age, when any global conflict may escalate to global catastrophe, war brings unacceptable risks for all mankind.

What the President was doing was pointing out a difficulty which confronts not only the United States but Western Europe, Japan, and the underdeveloped nations of the world. If something is not done to bring equilibrium out of the present oil situation, which I think, along with the Vietnam tragedy, is responsible for the recession which confronts this Nation today, the consequences are going to be such that people are going to be starving and we shall not even begin to have enough food to take care of those who are in want in the sub-Sahara area of Africa, in Bangladesh, in India, or elsewhere.

What I think the President, Mr. Kissinger and Mr. Simon did was to lay out in calm and sober tones a situation which confronts, not this Nation alone, but large portions of this globe and, despite the use of the word, "doomsday," by Dr. Kissinger—I think he used it when he spoke to the U.N. on yesterday—there is a good deal of truth in what he says.

Threats will get us nowhere, but cooperation and conciliation may develop something in the way of positive results.

Let me say to the Senator that the accumulation of tens of billions, possibly hundreds of billions of dollars by the OPEC countries is not going to do them a bit of good if the rest of the world goes down into a depression. One cannot eat dollars. One cannot eat gold. But we can help the world, if we all will, by seeing that an economic equilibrium of sorts is maintained. In that way, we can avert catastrophe, we can give hope to our people, and food to the people in need in underdeveloped countries.

I hope that out of this colloquy this morning has come a better understanding as far as our friends in OPEC are concerned as to what this present administration meant through its spokesmen, the President and the Secretary of State and the Secretary of the Treasury, when they uttered their remarks this week. What they were doing was, in effect, raising a warning flag, not issuing threats, not saying "we are going to war," because that would be counterproductive and it would be impossible to achieve the end desired. Nothing of that nature, I am sure, was in the minds of those who spoke. Rather, it was an attempt to paint the whole picture and, thereby, to show our interdependence in this world, one with the other and all together.

I compliment the distinguished Senator from Ohio and ask that my name be added as a cosponsor to his resolution on the basis of the colloquy which has issued on the floor of the Senate this morning.

Mr. ABOUREZK. Mr. President, I wish that the Senator from Montana had delivered the U.N. address 2 days ago rather than the President and the Secretary of State, because what he has said, in my opinion, is right on target. There must be something done, but it is the manner in which the threats were delivered that has disturbed so many people who ordinarily would have congenial relations with us. When the President says, "People have gone to war over lesser things; however, we do not want to have a war," it is reminiscent of a recent President who said, "I can raise a million dollars, but it would be wrong."

What he was doing was delivering, whether he denies it or not, a threat that is counterproductive, in my opinion, to the interest of the United States of America. As the Senator from Montana said, in his continual wisdom in these matters, that is not the kind of thing that will work. Cooperation, negotiation, and some kind of education of countries that charge high prices for oil, including the oil industry in our own country, ought to be what we should do rather than delivering threats. I thank the Senator from Montana and the Senator from Ohio for the time.

Mr. MANSFIELD. Mr. President, if the Senator will yield further, may I say I still stand by my contention as to what the President meant when he referred to things in the past; that he was not stating a threat; that he was not calling for direct action, but that he was laying out the grisly picture which confronts this country and the free world today, primarily because of the exorbitant rise in the price of petroleum, quadrupled in the past year.

I think the record ought to be clear that what he did was, for the first time, I think, lay out for the world to see the extremely difficult situation which confronts this Nation and the Western World and the third world, as well, if things continue to get out of hand and inflation continues to ride the waves.

I withdraw my objection.

The PRESIDING OFFICER. Does the Senator withdraw his objection to the original unanimous-consent request to consider the resolution?

Mr. METZENBAUM. No, Mr. President; I have never made the request that it be considered at the present time.

My request was that it be laid over under the rules and be set down on Monday instead of on tomorrow, in view of the fact that I shall not be present tomorrow.

The PRESIDING OFFICER. Without objection, the unanimous-consent request is agreed to.

Mr. MANSFIELD. Mr. President, has the Senate disposed of the resolution for the time being?

The PRESIDING OFFICER. The Senate has disposed of the resolution for the time being.

EXECUTIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS

The assistant legislative clerk read the nomination of Henry F. Trione, of California, to be a member of the Board of Directors of the National Corporation for Housing Partnerships.

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

U.S. TARIFF COMMISSION

The assistant legislative clerk read the nomination of Daniel Minchew, of Georgia, to be a member of the U.S. Tariff Commission.

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

Mr. MANSFIELD. Mr. President, I request that the President be notified.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the legislative session.

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

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. HATHAWAY) laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

REPORT ON AGRICULTURAL EXPORT ACTIVITIES UNDER FOOD FOR PEACE PROGRAM—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HATHAWAY) laid before the Senate a message from the President of the United States transmitting the 1973 annual report on agricultural export activities carried out under Public Law 480 (Food for Peace), which, with its accompanying report, was referred to the Committee on Agriculture and Forestry. The message is as follows:

To the Congress of the United States:

I am pleased to transmit to the Congress the 1973 annual report on agricultural export activities carried out under Public Law 480 (Food for Peace). This has been a successful program. It has provided a channel for humanitarian assistance, promoted economic development and, in general, supported foreign policy objectives of the United States.

Throughout the year, the Food for Peace program demonstrated its flexibility in a changing agricultural situation. Because of the tight commodity supply situation in the United States, shipments during the year were somewhat restricted. This was especially true of wheat and wheat product shipments. However, our food contributions to the drought-stricken African countries, including Ethiopia, were substantial. In both East and West Africa, United States food aid represented about 40 percent of the total supplied by the international community. The level of U.S. contributions to the World Food Program and the U.S. voluntary agencies was maintained and the Title I concessional sales programs continued in such high-priority countries as Bangladesh, Bolivia, Cambodia, Israel, Pakistan, and Vietnam.

The Food for Peace program continues to be the primary U.S. food aid activity. Concessional sales programs continued to encourage recipient countries to establish self-help objectives and also support economic development projects. The program retains its emphasis on improving the nutrition of pregnant and nursing mothers, babies, and pre-school children, the most nutritionally significant periods of human life. Although most programs have aspects of agricultural market development, specific programs for trade expansion have been limited because of strong commercial demand. Such programs could be resumed under changed supply conditions.

As 1973 legislation authorized the extension of the Public Law 480 program through 1977, it will go on playing its vital role in terms of development assistance, trade expansion, and promotion of our foreign policy objectives.

GERALD R. FORD.

THE WHITE HOUSE, *September 25, 1974.*

REPORT OF THE ADVISORY COUNCIL ON INTERGOVERNMENTAL PERSONNEL POLICY—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HATHAWAY) laid before the Senate a message from the President of the United States transmitting the final report of the Advisory Council on Intergovernmental Personnel Policy, which, with its accompanying report, was referred to the Committee on Government Operations. The message is as follows:

To the Congress of the United States:

It is a privilege for me to transmit to the Congress the final report of the Advisory Council on Intergovernmental Personnel Policy.

This report, which supplements earlier work by the Council, addresses three issues of importance to Government at all levels: equal employment, labor-management relations, and the development of workforce policies by State and local governments. Because the members of the Council have expressed themselves forcefully and forthrightly on these matters, their work should serve as a useful reference point for public officials everywhere. All of us should be indebted to the Council members for their dedicated service and wisdom.

GERALD R. FORD.

THE WHITE HOUSE, *September 25, 1974.*

MESSAGES FROM THE HOUSE

At 12:02 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15404) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 1, 5, 10, 11, 18, 19, and 24 to the aforesaid bill and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 28 and 33 to the aforesaid bill and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has passed the joint resolution (H.J. Res. 1131) making further continuing appropriations for the fiscal year 1975, and for other purposes, in which it requests the concurrence of the Senate.

At 4:00 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (H.R. 11546) to authorize the establishment of the Big Thicket National Preserve in the State of Texas, and for other purposes,

with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the amendments of the Senate numbered 1 and 2 to the bill (H.R. 4861) to amend the Act of October 4, 1961, providing for the preservation and protection of certain lands known as Piscataway Park in Prince George's and Charles Counties, Md., and for other purposes; that the House agrees to the amendment of the Senate numbered 5 to the aforesaid bill with an amendment in which it requests the concurrence of the Senate; and that the House disagrees to the amendments of the Senate numbered 3 and 4 to the aforesaid bill.

The message further announced that the House agrees to the amendments of the Senate numbered 4, 5, 6, 9, 11, and 12 to the bill (H.R. 10088) to establish the Big Cypress National Preserve in the State of Florida, and for other purposes; that the House agrees to the amendments of the Senate numbered 1, 3, 7, 8, and 10 to the aforesaid bill, each with an amendment in which it requests the concurrence of the Senate; and that the House disagrees to the amendment of the Senate numbered 2 to the aforesaid bill.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has affixed his signature to the following enrolled bills:

S. 3320. An act to extend the appropriation authorization for reporting of weather modification activities; and

H.R. 16243. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1975, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 1131) making further continuing appropriations for the fiscal year 1975, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BROCK, from the Committee on Banking, Housing and Urban Affairs, with amendments:

S. 3817. A bill to amend the National Bank Act, the Federal Deposit Insurance Act, the National Housing Act, and for other purposes (Rept. No. 93-1171).

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs, without amendment:

S. 4004. A bill to amend the Federal Home Loan Bank Act to provide for the continued duration of the Federal Savings and Loan Advisory Council (Rept. No. 93-1172). (Referred, by unanimous consent, to the Committee on Government Operations.)

Mr. METCALF. Mr. President, the Committee on Banking, Housing and Urban Affairs has ordered reported S. 4004, a bill which would except the Federal Savings and Loan Advisory Council from section 14(a) of the Federal Advisory Committee Act.

The Federal Advisory Committee Act—Public Law 92-463—is within the jurisdiction of the Committee on Government Operations. Therefore I request that S. 4004, when reported, be referred to the Committee on Government Operations.

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

By Mr. McGOVERN, from the Committee on Agriculture and Forestry, with amendments:

H.R. 12526. An Act to amend sections 306 and 308 of the Rural Electrification Act of 1936, as amended (Rept. No. 93-1173) (Referred, by unanimous consent, to the Committee on Banking, Housing and Urban Affairs).

Mr. McGOVERN. Mr. President, I ask unanimous consent that a bill reported by the Committee on Agriculture and Forestry, which report I now submit, be referred to the Committee on Banking, Housing and Urban Affairs.

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

By Mr. McCLELLAN, from the Committee on Appropriations, with amendments:

H.J. Res. 1131. A joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes (Rept. No. 93-1174).

By Mr. BURDICK, from the Committee on the Judiciary with an amendment:

S. 2752. A bill for the relief of North Central Educational Television, Inc. (Rept No. 93-1175).

By Mr. LONG, from the Committee on Finance, with amendments:

H.R. 13370. An act to suspend until June 30, 1976, the duty on catalysts of platinum and carbon used in producing caprolactam (Rept. No. 93-1176).

By Mr. FANNIN, from the Committee on Interior and Insular Affairs, with amendments:

H.R. 10337. An act to authorize the partition of the surface rights in the joint use area of the 1882 Executive Order Hopi Reservation and the surface and subsurface rights in the 1934 Navajo Reservation between the Hopi and Navajo Tribes, to provide for allotments to certain Paiute Indians, and for other purposes (Rept. No. 93-1177).

EXTENSION OF TIME FOR FILING REPORT ON H.R. 10337 TO 6 P.M. TODAY

Mr. FANNIN. Mr. President, I ask unanimous consent that the time for filing the report on H.R. 10337, relating to the Navajo Indian-Hopi land dispute, be extended to 6 p.m. today.

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

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. HARTKE, from the Committee on Commerce:

Paul Rand Dixon, of Tennessee, to be a Federal Trade Commissioner,

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear before any duly constituted committee of the Senate.)

Mr. HARTKE. Mr. President, as in executive session, I report favorably from the Committee on Commerce sundry nominations in the National Oceanic and Atmospheric Administration which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators .

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

(The nominations ordered to lie on the Secretary's desk were printed at the end of the Senate proceedings of September 17, 1974.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. HATHAWAY:

S. 4041. A bill to amend section 552 of title 5 of the United States Code to clarify certain exemptions from its disclosure requirements, to provide guidelines and limitations for the classification of information, and for other purposes. Referred to the Committee on Government Operations.

By Mr. METCALF:

S. 4042. A bill to authorize Federal cost sharing in promoting public safety through the elimination of hazardous open canals by converting them to closed conduits and by fencing. Referred to the Committee on Banking, Housing nad Urban Affairs.

By Mr. SPARKMAN (for himself and Mr. ALLEN):

S. 4043. A bill providing that certain State medical officers and employees are deemed to be Federal officers or employees for purposes of section 1346(b) and chapter 171 of title 28, United States Code. Referred to the Committee on the Judiciary.

By Mr. STEVENS (for himself and Mr. GRAVEL):

S. 4044. A bill to amend the Act entitled "An act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a mission school", approved August 8, 1953. Referred to the Committee on Interior and Insular Affairs.

By Mr. HELMS:

S. 4045. A bill to amend the act relating to the Lumbee Indians of North Carolina. Referred to the Committee on Interior and Insular Affairs.

By Mr. SCHWEIKER:

S.J. Res. 245. A joint resolution granting the consent of Congress to an amendment to the compact between the State of Ohio and the Commonwealth of Pennsylvania relating to Pymatuning Lake. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. METCALF:

S. 4042. A bill to authorize Federal cost sharing in promoting public safety through the elimination of hazardous open canals by converting them to closed conduits and by fencing. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. METCALF. Mr. President, I am today introducing a bill to provide Federal cost sharing to eliminate hazardous

open canals and ditches. The need for such a program is so evident this bill hardly needs explanation. Each year gives us another round of accidental drownings in open ditches running through urban areas. The fact that most of these victims are children compounds this tragic situation. In most Montana cities, a child death by drowning in one of the many miles of uncovered canals is an event almost as regular and dependable as the annual spring rains.

This bill allows the Secretary of the Interior to provide funds to municipalities not to exceed 50 percent of the cost of closing the existing open canals. The measure would help our towns and cities protect our children from senseless and avoidable dangers.

I send the bill to the desk for appropriate reference and ask unanimous consent that its text be printed at this point in the RECORD.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the intent of Congress that the United States encourage safety to the public in urban areas by sharing in the cost of converting open canals to closed conduits and of safety fencing of large canals which are economically infeasible to enclose in conduits.

SEC. 2. (a) The Secretary of the Interior may provide funds not to exceed 50 per centum of the cost of converting existing open canals in or adjacent to urban areas to closed conduits or of providing for safety fencing of large canals in or adjacent to urban areas. Except as provided in subsection (b), the assistance provided under this Act shall be under terms and conditions satisfactory to the Secretary of the Interior.

(b) The portion of the cost of projects described in subsection (a) not provided by the United States may be provided by labor and materials, as well as by money. The costs of labor and material so provided shall be determined by their fair market value.

SEC. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. STEVENS (for himself and Mr. GRAVEL):

S. 4044. A bill to amend the act entitled "An act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a mission school," approved August 8, 1953. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, I would like to introduce a measure today to remove a potential reverter from land now owned by the Catholic Bishop of Northern Alaska, near Cooper River, Alaska.

In 1953, 452 acres were transferred to the bishop by Private Law 152 for use as a mission school. The church was not given the land but paid above the appraised value. A mission school was built on the land and for many years this land was used for this purpose.

Now, however, things have changed: The school is closed and the church would like to sell this land which is now necessary to support the construction of the Alaska pipeline. It is time to remove this cloud on the title and return the land to productive use, both the State of Alaska and the Catholic Church in Alaska will be the beneficiaries.

Mr. President, I ask unanimous consent to have my bill printed in the RECORD immediately following my remarks.

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

S. 4044

Be it enacted by the Senate and House of Represenatives of the United States of America in Congress assembled, That the first section of the Act entitled "An Act to authorize the sale of certain public lands in Alaska for use as a mission school", approved August 8, 1953 (67 Stat. A53), is amended by deleting "for use as a mission school,".

By Mr. HELMS:

S. 4045. A bill to amend the act relating to the Lumbee Indians of North Carolina. Referred to the Committee on Interior and Insular Affairs.

Mr. HELMS. Mr. President, today I introduce legislation to eliminate an outdated discrepancy between the Federal law with regard to Lumbee Indians and the full recognition they have had for nearly a hundred years in the statutes of their home State of North Carolina. And it will remove the obstacles which unjustly deny to the Lumbees unhampered access to the far-reaching programs developed for all native Americans at the Federal and State levels in recent years.

Since at least 1885, the Lumbees have been recognized in the laws of North Carolina. They are referred to initially as the "Croatans" in the act of 1885, as "the Indians of Robeson County" in the subsequent act of 1911, and as "the Lumbee Indians of North Carolina" in the act of April 20, 1953. The act of 1953 describes them as "the Indians now residing in Robeson and adjoining counties of North Carolina, originally founded by the first white settlers on the Lumbee—sic—River in Robeson County . . ."

The Federal Public Law 570, of June 7, 1956, which is to be amended and modified by the proposed legislation, uses the same language as the North Carolina act of 1953 to describe and recognize the Lumbee Indians. But Public Law 570 goes on to deny to the Lumbees equal access to Indian programs of the Federal Government. That restriction in favor of, and in distinction from, so-called "Reservation Indians" belongs to a day when Federal programs were found to address the status of Indians on reservations inadequately and when the economic plight and civic inequality of the urban and rural Indian had been totally ignored.

The Eisenhower administration took the first step in giving to the Lumbee Indians, by means of Public Law 570, the first national recognition they had ever formally received in the Federal law. And that recognition was, and still remains, the intent of the Congress. But Indian programs remain restricted to Indians on reservations until recent years. During the past 5 years, programs that could give to all native Americans the full opportunities for economic enterprise, for civic equality, and meaningful cultural preservation have been established. So the erstwhile restriction in Public Law 570, which denied to the Lumbees access to the only Indian programs then available—for Indians on reservations—is now out of date and unnecessary. In fact, the very programs recently initiated for the urban and rural Indians cannot come to fruition if such self-reliant and populous groups as the Lumbees are not put into the very mainstream of the economy and of the development of their native State.

The proposed change will give nothing to the Lumbees that they have not traditionally enjoyed in the laws of North Carolina. But the proposed clarification is urgently needed to give the Lumbee Indians full access to the new national programs for urban and rural Indians and to assure the full availability of Federal matching funds for the relevant State-funded programs. Identical legislation is currently pending in the House and I commend this legislation to my colleagues in the Senate for quick adoption.

By Mr. SCHWEIKER:

S.J. Res. 245. A joint resolution granting the consent of Congress to an amendment to the compact between the State of Ohio and the Commonwealth of Pennsylvania relating to Pymatuning Lake. Referred to the Committee on the Judiciary.

PENNSYLVANIA AND OHIO PYMATUNING LAKE COMPACT

Mr. SCHWEIKER. Mr. President, I am today introducing legislation which would grant the consent of the Congress to the amendment of the joint compact between Ohio and Pennsylvania relating to Pymatuning Lake. The amendment, enacted by the General Assembly of Ohio on August 25, 1973, and the General Assembly of Pennsylvania on July 23, 1971, would permit boats equipped with a motor in excess of 10 horsepower to operate on the lake provided that the propeller is removed and left ashore.

Approval of this amendment would improve boating safety on the lake and has the support of the community and local groups. I am hopeful that the Congress will grant its consent to this change already approved by both States.

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

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

S.J. RES. 245

Whereas by the Acts of October 28, 1937 (50 Stat. 865); July 24, 1945 (59 Stat. 502); July 31, 1961 (75 Stat. 242); and July 14, 1964 (78 Stat. 313), Congress gave consent to a certain compact between the State of Ohio and the Commonwealth of Pennsylvania, relating to Pymatuning Lake, and to three consecutive amendments thereto; and

Whereas the State of Ohio by an Act of its General Assembly approved April 25, 1973, and the Commonwealth of Pennsylvania by an Act of its General Assembly numbered 49 and approved July 23, 1971, have identically enacted a further amendment to said compact providing that boats equipped with a motor in excess of ten horsepower may be operated on said lake provided that the propeller is removed and left ashore: Be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby given to the State of Ohio and the Commonwealth of Pennsylvania to said further amendment of their compact relating to Pymatuning Lake as provided by said Act of the General As-

sembly of the State of Ohio, approved August 25, 1973, and said Act of the General Assembly of the Commonwealth of Pennsylvania, approved July 23, 1971.

SEC. 2. The right to alter, amend, or repeal the provisions of this joint resolution is hereby expressly reserved.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3955

At the request of Mr. METZENBAUM, the Senator from Rhode Island (Mr. PELL) and the Senator from Florida (Mr. GURNEY) were added as cosponsors of S. 3955, the Foreign Investment Review Act of 1974.

S. 3982

At the request of Mr. WEICKER, the Senator from Ohio (Mr. METZENBAUM), the Senator from New York (Mr. BUCKLEY), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Alaska (Mr. STEVENS), the Senator from California (Mr. TUNNEY), the Senator from Iowa (Mr. CLARK), and the Senator from Illinois (Mr. PERCY) were added as cosponsors of S. 3982, a bill to restrict the authority for inspections of tax returns and the disclosure of information contained therein, and for other purposes.

S. 3985

At the request of Mr. WILLIAMS, the Senator from Connecticut (Mr. WEICKER), the Senator from California (Mr. TUNNEY), the Senator from Rhode Island (Mr. PELL), and the Senator from New Jersey (Mr. CASE) were added as cosponsors of S. 3985, the Anti-Dog-Fighting Act.

S. 4019

At the request of Mr. WEICKER, the Senator from Ohio (Mr. METZENBAUM), the Senator from Kentucky (Mr. COOK), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 4019, a bill to establish a Joint Committee on Intelligence Oversight.

SENATE RESOLUTION 410—SUBMISSION OF A RESOLUTION IN SUPORT OF EFFORTS OF PRESIDENT FORD IN SEEKING WORLD ECONOMIC STABILITY BETWEEN OIL-PRODUCING AND CONSUMER NATIONS

(Ordered to lie over until Monday, by unanimous consent.)

(Mr. METZENBAUM, for himself, Mr. AIKEN, Mr. ALLEN, Mr. BIDEN, Mr. CHILES, Mr. CHURCH, Mr. CLARK, Mr. COOK, Mr. CASE, Mr. CRANSTON, Mr. DOLE, Mr. DOMENICI, Mr. EAGLETON, Mr. FANNIN, Mr. GURNEY, Mr. HART, Mr. BIBLE, Mr. HARTKE, Mr. HATFIELD, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. INOUYE, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. MAGNUSON, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MONDALE, Mr. MONTOYA, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. NUNN, Mr. PACKWOOD, Mr. PASTORE, Mr. PERCY, Mr. PROXMIRE, Mr. RIBICOFF, Mr. ROTH, Mr. SCHWEIKER, Mr. SPARKMAN, Mr. STAFFORD, Mr. STEVENS, Mr. TAFT, Mr. TALMADGE, Mr. THURMOND, Mr. RANDOLPH, Mr. TUNNEY, Mr. WEICKER, Mr. WILLIAMS, Mr. YOUNG, Mr. HUGH SCOTT, Mr. GOLDWATER, Mr. MCCLELLAN, Mr. MANSFIELD, and Mr. BARTLETT) submitted the above-mentioned resolution.

(The remarks of Mr. METZENBAUM and other Senators on the submission of the resolution appear earlier in the RECORD.)

SENATE RESOLUTION 411—SUBMISSION OF A RESOLUTION CONCERNING FAIR TREATMENT OF U.S.-FLAG INTERNATIONAL AIR TRANSPORT CARRIERS

(Referred to the Committee on Commerce.)

Mr. INOUYE (for himself, Mr. MAGNUSON, Mr. CANNON, and Mr. PASTORE) submitted the following resolution:

S. RES. 411

Resolved,

Whereas, the United States flag international air transport system contributes to the national security and the balance of payments of the United States; and

Whereas, a large part of the United States flag international air transport system built up over many years of pioneering effort is in a critical financial condition; and

Whereas, the failure of any major United States flag carrier in the United States flag international air transport system would result in a substantial increase in unemployment, a reduction in tax payments, a reduction in demand for goods and services, a decrease in our national security capacity, and an increase in our balance of payment deficit; and

Whereas, the Civil Aeronautics Board and the Executive agencies have within their discretion the authority to strengthen the competitive position of United States flag international air carriers: Now, therefore, be it

Resolved, That it is the sense of the Senate that (1) the Civil Aeronautics Board shall immediately take steps to eliminate discrimination in mail compensation in favor of foreign flag carriers and to assure fair and reasonable compensation for the transportation of passengers and freight; and that (2) the Civil Aeronautics Board and the responsible executive agencies shall cooperate with the United States flag international air carriers to improve their route structure and shall take steps to eliminate any discrimination against the United States carriers being practiced by foreign governments or authorities.

AMENDMENTS SUBMITTED FOR PRINTING

FOREIGN ASSISTANCE ACT OF 1974—S. 3394

AMENDMENT NO. 1927

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

Mr. MCGOVERN submitted an amendment intended to be proposed by him to the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes.

AMENDMENT NO. 1928

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

Mr. JOHNSTON. Mr. President, I submit an amendment to the foreign aid bill, S. 3394, which will soon come before the Senate for consideration.

The Government of Puerto Rico has expressed an interest in joining the Caribbean Development Bank in order to contribute toward regional development and to play a greater role in Caribbean regional affairs.

Puerto Rico would contribute capital and participate with the other members in the management of the Bank; it would not be eligible to receive funds provided to the Bank by the United States.

The Federal Government would assume no financial or other responsibility with regard to Puerto Rico's obligations or membership in the Bank.

The proposal has been examined closely by the U.S. Department of State and it has concluded that Puerto Rican accession to the Bank would be feasible with appropriate approval by the Department of State.

Following consultations between the Department of State and the Congress, it was determined that legislative authorization for this action would be appropriate.

The question of membership by Puerto Rico in the Caribbean Development Bank is unique in several respects:

First. The charter of the Bank specifically provides for membership by political entities that are not fully independent and, in fact, many of the members—primarily British possessions—are entities that are not fully independent;

Second. The U.S. Government, although eligible for membership in its own right, is not a member of the Bank and does not intend to become a member;

Third. The Caribbean Development Bank is a regional economic—rather than political—organization which operates only in the geographical area where Puerto Rico is located; and

Fourth. Puerto Rico, because of Operation Bootstrap and other economic successes, is highly qualified to provide through an organization such as the Bank much-needed technical advice and assistance to neighboring countries and territories.

Because of the uniqueness of this question, this bill provides no precedent for the larger question of the Puerto Rican government's interest in greater participation in foreign affairs. That issue is being addressed by the Ad Hoc Advisory Group on Puerto Rico.

AMENDMENT NO. 1929

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

Mr. NELSON. Mr. President, last year, the U.S. Senate adopted an amendment to S. 1443, the Foreign Military Sales and Assistance Act, which would have required the President to submit to a congressional veto all plans to sell $25 million of U.S. Military goods and servvices to a foreign nation. The amendment would have also required this procedure whenever a foreign nation bought over $50 million of U.S. military goods in one year. The amendment, as well as a majority of that Senate passed bill's provisions, was deleted in the Senate-House conference on foreign assistance legislation.

Today I am introducing an amendment which is essentially the same as last year's amendment. The circumstances which warranted its consideration and Senate passage last year have grown even more serious in the interval.

When I offered this amendment last June 25, 1973, I said that "it is difficult these days to open the newspaper without coming across unexpected reports of another U.S. multimillion-dollar arms deal with another small nation somewhere."

Ironically this year, not only have the sums, which were already vast, grown astronomically but the newspaper accounts now relate State Department and Defense Department internal criticism of the policy of pushing arms sales overseas. Our foreign policy experts have come to question the wisdom of some of these massive deals. Had this amendment become public law, Congress and the public would have had a role in reviewing the highly significant foreign policy implications of these sales before the sales were finalized and before the potential damage had been precipitated.

Clearly foreign military sales has become a major instrument of U.S. foreign policy. The executive branch of this Nation involves the United States in military situations throughout the world without congressional and public debate, discussion, or deliberation.

The bare statistics and figures for the FMS—foreign military sales—program tell much of the story. A DOD chart indicates that the United States has sold over $20 billion worth of military goods in the years between 1950 and 1973.

Mr. President, I ask unanimous consent to have the DOD chart entered in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. NELSON. Last year when I offered this amendment, available data showed that the FMS program was estimated to rise from $3.5 billion in 1972 to $3.8 billion in 1973. Fiscal year 1974 sales had been estimated to be in the neighborhood of $4.6 billion.

The latest figures now available, however, reveal that the forecasts of all the experts in and out of the Government were frightfully off. The United States in fiscal year 1974, in fact, sold $5.9 billion in arms—a huge increase over the previous fiscal year and much more than had been anticipated. When credit sales and guarantees are added, in the FMS program in fact totals a phenomenal $8.5 billion. This is practically double the arms sales for the previous year and almost $2 billion more than all the arms sold or given away by all nations 3 years ago. In 4 short years, the program has grown sixfold. Clearly we are in need of a review process to keep up with the galloping growth of this program. Congress must have the necessary information and oversight authority on proposed foreign military sales to exercise its responsibility in this crucial area. Legislation which the Senate perceived a need for last year is even more crucial this year.

Foreign military sales constitute major foreign policy decisions involving the United States in military activities without sufficient deliberation. This has gotten us into trouble in the past and could easily do so again.

Despite the serious policy issues raised by this tremendous increase in Government arms sales, these transactions are made with little regard for congressional or public opinion. The Department of Defense is consulted. The manufacturers of weapons and the providers of military services are consulted. The foreign purchasers are involved. But Congress is hardly informed of these transactions, much less consulted as to their propriety. As it stands now, the executive branch of the Government simply presents Congress and the public with the accomplished facts.

The lack of required reporting to Congress, coupled with the traditional secrecy surrounding international arms transactions, frequently results in Congress learning about arms sales only as a result of the diligent efforts of the press. Thus, ironically, the American public learned of the 1973 sales to Persian Gulf countries only after the American media picked up an Agence France-Presse report and pressed the State Department spokesman to officially confirm the fact that we had an agreement in principle to sell Phantoms to Saudi Arabia and that we were negotiating a giant deal for arms to Kuwait.

So, too, the American public learned about negotiations for the sale of jets to Brazil last year from a report originating in Brazil. And this summer the Washington Post correspondent in Quito, Equador—not Capitol Hill, Washington—reported U.S. intentions to resume military sales to Equador after a 3-year ban. Equador, which has been involved in the so-called Tuna War with the United States, resulting in seizure of U.S. tuna boats and expulsion of U.S. military mission to Quito, reportedly has a long shopping list including 12 T-33 trainer jets, basic infantry equipment, and large quantities of engineering equipment.

Mr. President, I ask unanimous consent to have the Washington Post report entered in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. NELSON. Congressional reliance on the press for hard data on U.S. Government arms sales abroad, however, is not the most serious deficiency in the decisionmaking system governing such sales. At this time there is no formal procedure by which Congress can participate in determining the merits of these arms deals before they are finalized. Nor is there any way for Congress to exert effective oversight authority and monitor the impact of these deals after they are negotiated.

When this amendment was first introduced, I pointed out the press reports of burgeoning U.S. arms sales to the Persian Gulf nations, including Saudi Arabia, Kuwait, and Iran, and to Latin America. Apparently those sales were only the tip of the iceberg.

PERSIAN GULF

An article in the Christian Science Monitor based on interviews with officials of the State and Defense Departments estimated that the size of arms sales to Persian Gulf countries in fiscal year 1975 alone could total $4 to $5 billion. These prospective sales deserve particular attention in the light of heavy U.S. sales in the past 2 years.

IRAN

In fiscal year 1973 Iran contracted to buy $2 billion worth of U.S. military equipment. In the past year, according to the Wall Street Journal the Shah's "purchases totaled a staggering $3.5 billion, several times the amount of 2 years before." And the New York Times on September 19 reports a possible $10 billion sale of communications equipment, including satellites.

Wall Street Journal Staff Reporter Richard J. Levine stated in an August 29, 1974, dispatch that:

> Defense Department officials have allowed and even encouraged (the Shah) to purchase some of the most sophisticated weapons in U.S. arsenals, including Grumman's swing-wing F14 fighter (the Navy's newest warplane), McDonnell Douglas' F4 fighter, Lockheed's C130 transport and Hughes Aircraft's TOW antitank missile. In the case of Bell's AH1J attack helicopter, the Shah is getting a whirlybird more advanced than any used by the American Army. His future purchases are likely to include Litton's DD963 destroyer and a lightweight fighter still under development.

More significantly, the usually reliable and generally unhysterical Wall Street Journal reports that:

> It is increasingly uncertain whether U.S. policy has promoted stability and U.S. access to Mideast oil, or, rather, has fueled a Persian Gulf arms race that is heightening regional tensions and spurring the oil-producing states to raise oil prices to pay for expensive weapons.

It reveals that some experts in Government consider our policy "at least self-defeating and at most highly dangerous." One top State Department official worried publicly that weapons sales to Iran have "achieved a magnitude people did not anticipate without benefit of consideration of the long-term consequences."

Mr. President, I ask unanimous consent to have the Christian Science Monitor, Wall Street Journal, and January 18, 1974, New York Times articles entered in the RECORD at this time.

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

(See exhibits 3, 4, and 5.)

Mr. NELSON. Selling to Iran means more than just a fast buck for U.S. defense contractors or a shot in the arm for U.S. trade balance. It means we are deeply involving U.S. policy in the military future of Iran, a nation for which under a 1959 agreement. the United States is committed to "take such appropriate action, including the use of armed forces, as may be mutually agreed upon." We are pouring rivers of sophisticated arms into a nation whose dubious military adventures include the recent occupation of three small strategically located islands at the entrance to the Persian Gulf, which the Arabs in the area also claim.

THE ARAB NATIONS IN THE PERSIAN GULF

Moreover, in an incredible policy which attempts to be evenhanded in the Mideast but which boggles the mind for its shortsightedness, the same policymakers in our Government who approve sales to Iran are also pushing sales to the Arab powers in the Persian Gulf

region—Saudi Arabia and Kuwait—and fueling an arms race.

SAUDI ARABIA

Saudi Arabia, which last year ordered a total of between 150 to 200 F–5 fighters, signed a $355 million agreement in April for the modernization of the Saudi National Guard. The agreement includes the purchase of American armored vehicles, antitank weapons, and artillery batteries. In the year ending June 30, Saudi purchases totaled a little over half a billion dollars.

Recently, two high-ranking military experts visited Saudi Arabia in a move that the New York Times says illustrates growing U.S. military involvement which stops just short of a mutual defense pact, which would oblige the United States to resist a foreign attack on the country.

In the words of one U.S. military official:

I do not know of anything that is nonnuclear that we would not give the Saudis.

On September 11, 1974, New York Times listed examples of these massive sales:

Raytheon Corp.—Hawk missiles, a $265 million purchase program for advanced Hawk ground-to-air missile batteries for the Saudi air defense system. and the stationing of 450 Raytheon technicians to service the missiles.

The Northrup Corp.—F–5E jet fighters, pilot training and development of personnel and facilities.

Lockheed Corp.—C–130 cargo plans with pilot training and ground personnel.

Bendix—track and armored vehicles for the Saudi Army.

The United States has entered into a $250 million arms and training contract with the National Guard, the Saudi internal security force.

The United States maintains a training mission for the Saudi Army, Air Force and Navy.

The Corps of Engineers has supervised the construction of the two big army bases at Tofuk, near the northwest border with Jordan, and at Khamis Mushait, in the south near Yemen and Southern Yemen.

The United States is also involved in a 10-year program to improve the Saudi Navy by selling patrol craft and building bases.

These deals, reports a September 19, 1974, New York Times article, are arranged by means of newly established joint commissions with Iran and Saudi Arabia. Secretary of State Kissinger regards these arrangements as "less than a formal alliance and more than bilateral talks," thus "sidestep(ing) congressional concerns about treaty commitments and mak(ing) it possible to give permanence to negotiations."

The magnitude of the sales and the means by which they are instrumented should, it seems to me, be a source of alarm to every single Member of Congress. Unless Congress acts soon, its will shall continue to erode as the administration continues to concoct hybrids such as joint commissions. The amendment which I am offering today is an appropriate form of congressional oversight. Congress failure to act now would serve as a sign of further abdication of power to the executive branch.

KUWAIT

Saudi Arabia is not the only Arab country in the Persian Gulf taking part in this massive arms race fueled by products made in the United States. Kuwait, according to a September 18 Washington Post dispatch from Beirut, is about to sign a contract worth $450 million for American arms and equipment including advanced design Hawk surface-to-air missiles. It will shortly open final negotiations for American fighter bombers. The article states:

The Kuwaiti purchases and large-scale buying of aircraft by Saudi Arabia form part of a heated arms-buying campaign that is turning the Persian Gulf into a gigantic armory. . . . Strong reaction from Israel and its supporters in Washington can be expected if the Arab desires (for more sophisticated fighters with greater range and firepower) are met.

Moreover, the Post reports:

There are American hints that a large arms package deal would imply a strengthening of American-Kuwaiti defense ties and a willingness to offer large aircraft.

The Post article reports:

American planes under discussion are the McDonnell-Douglas Phantom F–4, one of the mainstays of the Israeli air force, and the more recent longer-range Ling-Temco-Vought A–7 Corsair. . . . The Corsair a U.S. Navy light attack bomber, is capable of reaching the borders of Israel from Kuwait.

Kuwait has reportedly opted for a defense plan that will have its air force scattered at four or five locations in Kuwait and in neighboring Arab states.

This indicates to me, at least, that a massive sale to Kuwait will not only imply strengthening ties between the United States and Kuwait. It may also have the direct effect of arming other Arab nations more directly involved in the Arab-Israel conflict.

Mr. President, I ask unanimous consent to have the September 11, 1974, and September 19 New York Times articles and the September 18 Washington Post article entered in the RECORD at the end of my remarks.

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

(See exhibits 6, 7, and 8.)

Mr. NELSON. Both the regional and East-West implications of these large weapons sales is beginning to worry some Government officials and recognized experts in the field. Former Secretary of Defense Melvin Laird has publicly echoed this concern in the introduction to an American Enterprise Institute study titled "Arms in the Persian Gulf." Mr. Laird suggests that while providing armaments to third world countries might be a positive short-term measure, it should be accompanied by diplomatic activity so that weapons sales do not become a standard long-term U.S. policy. He also raises important questions about the implications of such sales for future peace and accommodation in the region.

In another forum, Laird recently stated in a Forbes magazine interview:

To me the most important agreement that can be worked out in the next four or five years is to involve the Soviet Union, the United States, and all other arms-producing countries to limit the sale and delivery of conventional military equipment into the Middle East, Southeast Asia, Latin America, and Africa.

These are serious issues—issues that deserve to be debated by both the Congress and the executive branch. Without this amendment introduced today, Congress will be totally ill-equipped to debate them. It will not have adequate information. Nor will it have the necessary formal procedure to make its voice heard.

Similar questions concerning sales in the Persian Gulf might well be raised about recent and potential sales of jet aircraft to Latin American countries. In 1973 the administration authorized sales of F–5E international fighters to Argentina, Brazil, Chile, Colombia, and Venezuela, ending in one sweep a 3-year ban on the sale of sophisticated military equipment to underdeveloped countries. As of December 1973, Brazil had ordered 42 aircraft. Potential orders from Chile, Peru, and Venezuela could total 90 aircraft. At a cost of $2.5 million per plane, jet aircraft sales to Latin America could amount to $300 to $400 million over the next few years. And, as previously noted, the United States plans to sell arms to Ecuador as a result of the truce in the 3-year tuna war with the United States.

Perhaps these transactions—in the Persian Gulf, in Latin America, anywhere—have merit. Perhaps they do not. Without debating the merits of these sales, it seems to me that they represent such a qualitative change in our involvement in the Persian Gulf area and such a significant turn in our Latin American relations, that Congress must be afforded the opportunity to deliberate on these matters as well as on all other significant sales agreements entered into by the U.S. Government.

INADEQUACY OF PRESENT REPORTING REQUIREMENTS

This proposal fills a vacuum in information available to the Congress. There is no statutory requirement to insure that Congress receives up-to-date information on U.S. Government foreign military sales. The various required reports either provide information on last year's sales or provide detailed information on only a small part of total American arms sales abroad. Thus, the report required by 657(a)(1) of the Foreign Assistance Act lists only the total amount of U.S. Government sales by country for the past fiscal year. The report contains information on the dollar value of U.S. Government arms grants and sales to each foreign country. It provides no specific information on the type or quantity of weapons ordered. More importantly the report, which covers the preceding fiscal year, is issued 6 to 9 months after the end of that fiscal year. Thus the commitment to transfer weapons could have been made up to 18 months before the release of the report.

Since government-to-government arms sales do not require an export license, the portion of the section 657 report titled "Export of Arms, Ammunition, and Implements of War," provides past fiscal year data only on commercial sales which are approximately one-eighth of total American arms sales abroad. Moreover the information, when it is reported, deals with arms deliveries during the preceding fiscal year. And it is released

up to 18 months after the delivery of equipment identified in the report.

The 657(a)(4) report on "Exports of Significant Defense Articles on the U.S. Munitions List" was formerly required by section 36 of the Foreign Military Sales Act. That requirement was made a part of the section 657 report in 1973. To date no reports have been issued pursuant to section 657(a)(4). Although the report will cover all categories of arms transfers, by definition it will not provide information on all weapons transfers *abroad. Again,* the report will probably be released approximately 9 months after the end of the fiscal year and contain data on exports made up to 18 months previously. Similarly, the more current reports on munition lists exports totaling more than $100,000, required under another commercial sales reporting provision sponsored last year by Senator HATHAWAY, contain no data on the majority of U.S. arms sales—the government-to-government sales in which the U.S. acts as an intermediary between an American munitions firm and a foreign country.

Section 35(b) of the Foreign Military Sales Act calls for semi-annual reports on a country-by-country basis of "foreoasts of sales and of guarantee and credit applications and anticipated guaranty and credit extensions to economically less-developed countries for the current fiscal year." However, since the approval of the Foreign Military Sales Act in October 1968, the House Foreign Affairs Committee Calendar lists only three reports submitted pursuant to the section 35(b) requirement; approximately 12 reports should have been received to date. And as the report title describes, the reports only contain data on sales to less-developed countries—thus leaving out highly relevant information concerning sales made elsewhere. The three reports thus far filed were issued in April, January, and February respectively. The annual presentation document which the Defense Department claims contains data submitted in lieu of a second semi-annual report, is also transmitted to the Congress sometime during March or April. In effect, therefore, Congress is receiving what are supposed to be two different reports at approximately the same time.

As for the presentation material, a detailed justification of the administration's military aid program, it contains an estimate on a country-by-country basis of the dollar value of cash, credit, and guaranty weapons sales. In recent years, however, actual sales have far exceeded the original DOD estimates. An example which bears repeating is the original DOD estimate for cash sales in fiscal year 1974—$3.678. Actual cash sales during fiscal year 1974 on the other hand totaled $5.9 billion.

In summary, two facts should be kept in mind about the information currently submitted to Congress. First, a great deal of the information is on arms transfers that have already taken place. Second, none of these reports contains procedures by which Congress may reject arms sales which it does not feel are in the national interest.

The purpose of this amendment is to give Congress the opportunity to consider—and if necessary—reject foreign military sales according to prescribed conditions.

ADMINISTERING THE AMENDMENT

The enactment of this provision should place no significant administrative burden on the executive branch. Neither Congress nor the executive branch will be inundated in paperwork as a result of the adoption of this amendment. The total number of statements that would have been submitted for congressional consideration in fiscal year 1973 had the Nelson amendment been in effect is approximately 30.

Nor should the 30-day congressional review period prior to consummation of sale provide any serious interference with normal procedures. Under normal circumstances the negotiation of a sales agreement can take months and the delivery period for such purchases may extend over a period of several years. Moreover, once an offer of sale is accepted by a foreign country there is a second period of negotiations on a production contract. Only then, is a final price agreed to.

The negotiation of a production contract pursuant to the offer and acceptance takes anywhere from 3 weeks to 9 months. This time lag is in addition to the time lag of from 90 to 120 days which a foreign country is given to accept or reject a letter of offer.

When the acceptance involves material ordered from U.S. defense stocks, there is also bound to be a bureaucratic time lag before the implementation of the acceptance.

The contract—form 1513 of the DOD—allows for delays, changes in conditions, or even cancellation by both the seller and purchaser. Thus the fact that the acceptance is considered legally binding on both parties does not prevent either the United States or the foreign government from canceling the agreement. Section A(6) of the explanatory "Conditions" accompanying the letter of offer—form 1513—specifically reserves the right of the U.S. Government to cancel the order "under unusual and compelling circumstances when the best interests of the United States require it." Similarly, a foreign government may at any time terminate the acceptance. If the order is canceled before the final negotiation of a production contract—which can take from 3 weeks to 9 months after the signing of the acceptance—it does so at no cost to itself.

Mr. President, I ask unanimous consent to have DOD form 1513 for letters of offer and acceptance entered in the RECORD at the end of my statement.

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

(See exhibit 9.)

Mr. NELSON. Moreover, a purchasing country's decision to buy U.S.-produced military equipment is made primarily on the basis of the high technical quality of American weapons and only secondarily on the basis of the price and delivery schedules. Iran, for example, negotiated the purchase of F–14's for more than a year and reportedly paid more than double the price that the U.S. Navy paid for the same plane. Their delivery is not expected to be completed before 1977. A 30-day congressional review period, therefore, would not cause any significant delay nor lose the sale.

EMERGENCY WAIVER

In an emergency situation, the amendment provides a special waiver to cover circumstances such as occurred during the October conflict in the Middle East.

The Defense Department has argued that the Nelson amendment would have hampered the U.S. effort to bring about a cease-fire during the 1973 Middle East war. This argument is hypothetical at best and indicates a misunderstanding of the purposes of the amendment. Moreover, the Nelson amendment would not preclude the President from submitting special legislation to permit the continuance of sales. And in fact, shortly after the outbreak of hostilities, the President did request special emergency assistance for Israel. Nor would the Nelson amendment have prevented the Congress from acting expeditiously to approve sales during an emergency. The Defense Department argument that the Congress would do nothing, thus blocking further sales, is not supported by recent congressional response to Israel's vital needs.

There are an increasing number of precedents for the legislative approach employed in the amendment—congressional veto of proposed actions by the executive branch. Some of them are:

War Power Act—Public Law 93–148—concurrent resolution can terminate of U.S. Forces to hostilities abroad;

Rail Reorganization Act—Public Law 93–236—final reorganization plan for Nation's railroads will be accepted unless either House or Senate passes a resolution rejecting it;

Budget and Impoundment Control Act—Public Law 93–344—either House of Congress can disapprove Presidential proposal to defer expenditure of funds; both Houses must approve any proposed rescission of appropriate funds within 45 days; and

District of Columbia Self Government Act—Public Law 93–198—either House of Congress can disapprove acts of the D.C. City Council within 30 days.

Mr. President, I request that a study on the constitutionality of the legislative veto, embodied in the original Nelson amendment, prepared at my request by the Congressional Research Service, be printed at the conclusion of my remarks.

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

(See exhibit 10.)

Mr. NELSON. That study finds that—

The proposed amendment is constitutional. It closely parallels the analogous provisions of the Executive Reorganization Act, the constitutionality of which has not been challenged by the Executive Branch. Moreover, the amendment would serve a useful function in assuring that the Congressional policy origination power is not abdicated to the Executive Branch.

If a one-House veto is constitutional, then a concurrent resolution or two-House veto should be subject to even less question.

To sum up, this provision would require that the President report to Congress whenever he intends to finalize an agreement to sell or extend credits or guarantees for the sale of U.S. military goods and services for $25 million. The amendment further requires a report

whenever sales, credits, or guarantees extended to one country in 1 year amount to $50 million. If, after Congress has examined these sales plans for 30 days and both Houses of Congress have not voted disapproval in the form of a concurrent resolution, the President's sales plans may be finalized.

THE REVISED AMENDMENT

The provision has been slightly revised from last year's amendment to meet some procedural and administrative difficulties which the Department of Defense found with the amendment. And the amendment which I am asking the Senate to vote on today also has been revised to meet the legitimate procedural problems which the Foreign Relations Committee perceived at the time it considered the amendment in executive session.

The revisions will:

Cut down on the number of statements which must be submitted to Congress.

Grant the President a waiver on any single report whenever the President certifies to Congress that there was an emergency affecting the interest of the United States.

Clarifies a semantic issue which troubled the Department of Defense. The term "proposed sale" has been changed in this amendment to the term "agreement or contract to sell," thus making it clear that Congress shall receive statements on U.S. offers to sell that have been accepted by foreign governments.

Employs a concurrent resolution instead of a one House veto.

In closing, let me reemphasize the importance of these foreign military sales by citing a Washington Post article by Andrew Hamilton, a former National Security Council assistant to Henry Kissinger, who discussed five major aspects of the burgeoning arms sales program of the United States:

First. Much of the new wealth of developing nations is paying for nonproductive military equipment at inflated prices at a time when more than a billion people face starvation because of inadequate food supply and distribution;

Second. The sales have created new regional arms races, thus boosting demand for more arms and contributing to the risks of war—and of great power confrontation—in unstable areas like the Persian Gulf;

Third. For the first time, the United States is selling its most advanced, most expensive, and most highly classified conventional weaponry and electronics technology;

Fourth. The danger exists that the buyers, to pay for U.S. and other modern weapons, will be tempted to further increase raw material prices, which in the long run could wipe out any advantage from arms sales and intensify worldwide inflation; and

Fifth. Despite the diplomatic and economic risks involved, the key decisions behind the new rise in U.S. arms exports were made by President Nixon without consulting or even informing Congress.

Mr. President, I ask unanimous consent to have the Washington Post article entered in the RECORD at the conclusion of my remarks.

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

(See exhibit 11.)

Mr. NELSON. The Defense Appropriations Subcommittee has also expressed its concern about burgeoning U.S. arms sales. Incorporated in its report passed by the Senate is language closely paralleling my amendment which requires prior notice to the Defense Subcommittee of certain future cash sales of military equipment to foreign governments. The distinguished chairman of the committee and I had a colloquy on this subject in which he stated that "the committee does not in any way mean to preclude his (Mr. NELSON'S) amendment to the Foreign Military Sales Act."

Mr. President, I ask unanimous consent to have entered in the RECORD the Defense Appropriations Committee report and the colloquy between the distinguished Senator from Arkansas (Mr. MCCLELLAN) and myself.

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

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1975

(Report, August 16, 1974)

SALES OF MILITARY EQUIPMENT TO FOREIGN GOVERNMENTS

This Committee views with concern the dramatic increase in cash sales of U.S. military equipment to foreign governments. Actual cash sales of $5.9 billion during fiscal year 1974 far exceeded the original DOD estimate of $3.9 billion. Cash sales over the past decade have totaled $19.1 billion—of which $9.5 billion was negotiated during the past two years.

The political and economic impact of foreign military sales on the United States and recipient foreign countries is immeasurable. Of more direct interest to this Committee, however, is the real and potential impact that the sale of military equipment has on the security interests and objectives of this Nation and on defense expenditures.

The recent sale of 80 F-14 fighter aircraft to Iran could considerably reduce combat capability of the U.S. Armed Forces. These aircraft, the most sophisticated fighter aircraft available, will be delivered to Iran prior to the planned U.S. Navy F-14 force being fully equipped.

Of equal concern is the impact on U.S. military forces of supplying foreign nations with military equipment withdrawn from Department of Defense inventories and operational forces and the additive cost of replacing the equipment. These withdrawals may compromise the readiness of U.S. armed forces to meet national security demands. The incremental cost of replacement often requires additional funding. A prime example is the $133 million included in the FY 1974 Defense Supplemental Appropriations Act to provide the additive funds required to replace equipment provided to Israel during the October 1973 Middle East conflict.

The Committee is particularly concerned that long term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict. Recent arms sales to the Middle East, Greece, and Turkey have created severe political, military, and economic repercussions on both the United States and the international community. These conflicts weaken detente, threaten super-power confrontation, and have profound economic consequences.

The demonstrated and potential impact of cash weapons sales on DOD appropriated funds as well as on long term U.S. security interests places a special obligation on this Committee to exercise careful oversight of developments in this area. At present, Congress has little meaningful statutory control over cash sales which are the largest category of foreign military sales. Therefore, the Committee will require prior notification of future cash sales of military equipment to foreign governments which exceed $25,000,000; provide for the introduction of new weapon systems to the inventory of foreign armed forces; or when cumulative military cash sales to any foreign government exceed $50,000,000 in any fiscal year.

[From the CONGRESSIONAL RECORD, Aug. 21, 1974]

Mr. NELSON. Mr. President, I would like to ask the distinguished chairman of the Defense Appropriations Subcommittee, Mr. MCCLELLAN, a question concerning the report language dealing with military sales to foreign countries, which appears on pages 15 and 16 of the defense appropriations bill report.

The report language emphasizes the "political and economic impact of foreign military sales of the United States and recipient foreign countries." The committee expressed particular concern "that long-term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict." The report continued:

Recent arms sales to the Middle East, Greece, and Turkey have created severe political, military, and economic repercussions on both the United States and the international community. These conflicts, weaken detente, threaten superpower confrontation, and have profound economic consequences.

Most importantly, the Defense Appropriations Committee concluded that—

At present, Congress has little meaningful statutory control over cash sales which are the largest category of foreign military sales.

The committee henceforth will require:

Prior notification of future cash sales of military equipment to foreign governments which exceed $25 million; provide for the introduction of new weapon systems to the inventory of foreign armed forces; or when cumulative military cash sales to any foreign government exceed $50 million in any fiscal year.

Mr. President, as you know significant portions of this reporting procedure parallels language of my amendment to the Foreign Military Sales Act which passed the Senate last year, but which was removed in conference along with the majority of the Senate provisions.

While I commend the distinguished chairman for recognizing the potential consequences of these massive sales of arms and for establishing this mechanism whereby the Department of Defense will report to the Senate Defense Appropriations Committee, I still believe that significant features of the Nelson amendment still should be put into law. I intend to reoffer my amendment, but I believe that the appropriate legislation to amend is the Foreign Assistance Act, which will be debated after the Labor Day recess, and not the defense appropriations bill.

Mr. MCCLELLAN. I want to thank the distinguished Senator from the State of Wisconsin (Mr. NELSON) for his kind words.

The language in the report requiring the Defense Department to give prior notice of certain future cash sales of military equipment to foreign governments merely evidences our concern over the impact of these transactions. The committee felt that it would be desirable to have this information on hand as another factor in making determinations about production and procurement of military weapons. It is certainly not our intention to preempt this field.

I commend the distinguished Senator from Wisconsin for his efforts in this area and want to assure him that the committee does not in any way mean to preclude his amendment to the Foreign Military Sales Act.

Mr. NELSON. Mr. President, I ask unanimous consent that certain Knight newspaper syndicated articles by James McCartney, on the global conventional arms race be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 12.)

Mr. NELSON. Mr. President, in closing, let me repeat my firm belief that this Government—including both Congress and the executive branch—has the responsibility to its own citizens and to the international community to give very careful consideration to weapons sales of such magnitude. This amendment would provide both the essential information and the necessary procedure for congressional review.

Mr. President, I ask unanimous consent to have the following Senators added as cosponsors of my amendment of the Foreign Assistance Act: the Senator from South Dakota (Mr. ABOUREZK), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), and the Senator from Maryland (Mr. MATHIAS).

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

EXHIBIT 1

FOREIGN MILITARY SALES ORDERS
[Value in thousands of dollars]

	Fiscal years—											
	1950–63	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1950–73
Worldwide	3,738,726	1,401,218	1,261,585	1,579,172	980,031	1,177,109	1,348,377	926,343	1,599,979	3,282,431	3,619,368	20,914,340
Argentina	47,525	1,524	1,276	7,295	6,534	14,871	4,013	11,406	14,374	16,795	14,032	139,647
Australia	144,208	134,816	326,155	47,521	114,168	32,879	35,768	61,357	44,361	117,222	18,515	1,076,969
Austria	32,838	2,804	6,212	2,167	2,181	6,041	1,180	1,770	2,189	2,359	2,450	62,192
Belgium	72,106	6,658	7,709	6,310	15,412	2,236	9,739	4,458	4,845	5,080	5,660	140,212
Bolivia	736	5	28	132	5	17	3		45	15	19	1,005
Brazil	19,217	60	23,625	223	31,384	4,265	11,493	2,584	21,489	34,567	12,386	166,293
Burma	1,474	31	53	91	113	100	46	7	84	281	167	2,448
Canada	592,635	59,330	41,070	71,264	21,822	18,377	16,183	53,500	29,683	38,429	83,793	1,026,686
Chile	12,742	3,524	2,181	1,058	2,560	4,134	1,697	7,738	3,016	6,075	14,896	59,621
China	1,491	625	1,095	5,008	14,662	42,996	37,174	33,638	61,143	81,073	96,109	375,014
Colombia	9,986	195	150	496	98	56	144	176	2,179	5,514	1,331	20,324
Costa Rica	761	141		(1)						34		935
Cuba	4,510											4,510
Denmark	29,448	1,627	8,206	7,330	9,098	9,080	10,378	6,937	15,570	16,276	7,657	121,607
Dominican Republic	1,434	60	115	266	1	(1)			31	16	80	2,003
Ecuador	2,619	34		119	114	1,476	14	20	315	4		4,716
Egypt	355	1	2	(1)								358
El Salvador	874	3	18	35	15	514	6		11	(1)	70	1,546
Ethiopia	663		(1)	30	12	4	7	6		12		734
Finland			(1)	1	1	1	(1)		1	59		63
France	254,590	27,002	11,130	8,911	6,472	7,495	6,289	3,487	6,085	7,826	7,951	347,237
Germany	1,680,792	591,903	313,967	167,589	191,779	163,998	601,236	253,990	186,997	958,024	200,535	5,310,810
Ghana			1	(*)			2	61	(1)			64
Greece	1,104	175	709	472	8,089	15,366	11,283	29,302	25,416	193,406	52,669	337,992
Guatemala	719	261	444	546	101	329	153	464	8,779	2,511	3,727	18,035
Haiti	224											224
Honduras	1,008	2	13	4	6	59				27	418	1,536
Iceland	(1)	14							(1)	436	47	498
India	52,266	12	1,874	389	1,988	1,576	167	2,095	856	1,515	(1)	62,738
Indochina	8,542											8,542
Indonesia	622			1	1	24		(1)	18	(1)	148	815
Iran	1,261	24	68,876	124,080	147,916	69,279	255,960	112,664	433,108	521,700	2,054,311	3,789,180
Iraq	665	1,254	10,783	87	361		(1)					13,152
Ireland	(1)	(1)				(1)	1	(1)	11	248	197	458
Israel	6,789	332	60,009	72,134	9,425	430,822	71,850	45,287	313,480	435,525	183,499	1,629,151
Italy	131,658	62,540	41,563	38,418	21,463	101,761	38,259	37,403	27,245	78,205	89,984	668,500
Jamaica	(1)		1	1	3	3	(1)	8	9	3	7	34
Japan	73,549	45,618	15,977	16,742	10,282	20,277	52,294	21,291	11,639	46,593	50,856	365,118
Jordan	828	1,408	41,100	1,627	30,597	33,485	13,421	30,655	20,109	18,637	14,740	206,607
Kenya							(1)					(1)
Korea	286				9	1,504	3,368		847	2,362	2,579	10,956
Kuwait			(1)							(1)	53	53
Lebanon	276	55	1	67	2,235	48	60	1,558	492	299	5,634	10,725
Liberia	1,146		77								1,636	2,860
Libya	73	614	52	541	15,524	2,389	1,811	5,447	632	3,125	177	30,385
Luxembourg	558	258	443	457	88	1	113	107	93	24	624	2,764
Malaysia	27	3	17	563	509	1,608	1,323	1,838	272	28,547	1,821	36,529
Mali							84	5		48		137
Mexico	8,944	949	573	101	802	96	399	13	437	182	1,097	13,592
Morocco		60		6,040	697	12,955	4,631	2,441	2,627	7,179	2,386	39,016
Nepal									11		83	94
Netherlands	40,037	5,460	16,157	24,192	25,206	6,485	5,248	7,618	7,651	17,832	46,476	202,363
New Zealand	3,781	11,676	24,424	5,361	9,401	11,144	30,267	5,499	6,524	3,453	3,264	114,795
Nicaragua	1,995	21	26	10	85	105	2	93	797	92	15	3,242
Nigeria	(1)	335		5	10		2			2,244	684	3,281
Norway	5,049	7,477	21,334	12,949	38,695	56,855	24,330	9,790	23,409	20,338	17,729	237,954
Pakistan	32,557	774	1,319	1,147	5,571	15,031	22,532	4,854	20,473	449	21,925	126,633
Panama	13	(1)		(1)			3	15	10	20	1,567	1,627
Paraguay	342		34			1		(1)			35	413
Peru	20,777	597	3,727	2,679	3,363	1,661	1,015	2,244	1,492	1,150	6,659	45,363
Philippines	4,213	36	260	137	439	237	454	868	1,107	630	708	9,088
Portugal	4,108	1,115	425	115	497	780	500	1,191	1,461	3,676	558	14,425
Saudi Arabia	86,179	847	8,443	8,652	46,175	4,844	4,096	4,625	96,863	333,388	60,693	654,805
Senegal										6		6
Singapore					1	841	196	2,476	2,089	5,917	7,573	19,090
South Africa	925	2,157	(1)	56	1	1	4	1	1	2	1	3,149
Spain	2,222	2,781	28,857	20,019	122,942	8,647	14,226	25,954	111,304	23,888	49,484	410,326
Sri Lanke	3	(1)	(1)	(1)			1			(1)		4
Sweden	26,688	897	880	449	723	8,011	106	324	1,037	1,041	2,449	42,606
Syria					1							1
Switzerland	15,233	31,747	492	1,345	602	25,790	19,980	4,428	581	6,978	8,107	115,284
Thailand	1,219	(1)	12	1	10	10	3,829	21,150	48	17,360	1,970	45,608
Trinidad/Tobago								85				85
Tunisia	2,874		11									2,885
Turkey	240	182	129	804	922	139	2,106	2,480	1,154	5,499	212,801	226,456
United Kingdom	92,169	360,648	154,747	875,136	23,677	16,370	17,523	63,582	46,805	125,993	117,836	1,894,487
Uruguay	2,305	(1)		56	350	30	26	241	2,086	1,683	1,612	8,389
Venezuela	61,181	9,551	10,529	11,833	9,770	1,242	1,177	788	1,607	42,208	23,373	173,260
Vietnam	5						2			2	1,089	1,098
Yugoslavia	9,373	1,168	2	185	377	221	212	44	12	123	717	12,433
Zaire				1,142	166	226	(1)	54	17,490	301	580	19,959
International organizations	123,687	19,826	3,672	24,780	24,519	18,316	9,989	36,224	17,478	37,926	94,119	410,539

[1] Less than $500.

Source: Department of Defense.

Note: Totals may not add due to rounding.

EXHIBIT 2

[From the Washington Post, May 21, 1974]

UNITED STATES REVIVING ARMS SALES TO ECUADOR AFTER CUTOFF

(By Terri Shaw)

QUITO, ECUADOR.—As part of U.S. Secretary of State Henry A. Kissinger's drive to improve relations with Latin America, the United States reportedly is about to resume some military sales to Ecuador after a three-year ban.

Informed sources here said that Ecuador's military government has presented a long list of military equipment it wants from the United States, including 12 T-33 trainer jets, basic infantry equipment and large quantities of engineering equipment.

The sources said the United States is also planning to invite Ecuadorean officers to attend training programs in the Panama Canal Zone.

Resumption of military weapons sales, which were cut off in January 1971, during a dispute over Ecuador's seizure of American fishing boats, appeared to be part of a general warming of relations between Washington and the two-year-old military government that rules this small country on the west coast of South America.

U.S. officials reportedly hope that an improvement in relations will make Ecuador more receptive to U.S. views during Kissinger's periodic meetings with Latin American foreign ministers.

Ecuador will receive no U.S government credits for the weapons, because the country has recently begun exporting oil and has enough hard currency to buy the arms on standard commercial terms, the sources said.

Having money to buy modern weapons is new for Ecuador, for many years one of the poorest Latin-American countries. The military government, which seized power in February 1972, has pledged to spend most of its oil reserves on economic development, and some Ecuadoreans question the wisdom of the arms purchases while there is still hunger and widespread poverty, especially in the countryside.

Most of the equipment used by the 56,000-man armed forces is of World War II vintage. Military aircraft visible at Quito's airport, high in the Andes mountains, include several C-47 transports, a Constellation and a Flying Boxcar. The military government recently purchased 41 new tanks from France and sent a mission to Moscow to discuss possible arms purchases.

A factor in Ecuador's quest for new arms is fear of neighboring Peru, which in 1942 occupied a large chunk of Ecuadorean jungle at the headwaters of the Amazon River. While the two countries now have good relations, Ecuador has not given up its ambitions as an "Amazonian country." Peruvian oil exploration in the area has fed rumors of military incursions and even of skirmishes between forces of the two countries.

Lifting of the U.S. ban on military aid followed a discreet exchange of "smoke signals" between Quito and Washington, informed sources said.

While the United States quietly eased some of the restrictions placed by Congress on aid to Ecuador after the seizures of U.S. tuna boats, the Ecuadoreans reportedly moderated their criticisms of American "economic coercion" in international forums like the United Nations and the Organization of American States.

There was also a letup in the "Tuna War," which began in 1962 when Chile, Peru and Ecuador declared a 200-mile territorial limit and required boats fishing within 200 miles off their coasts to purchase licenses.

The military government has decreed a new fishing law which informed sources said could open the way to joint ventures by Ecuadorean and U.S. interests. The U.S. embassy is expected to mediate between the Ecuadorean government and the U.S. fishing companies in San Diego in an attempt to work out an agreement under the new law.

The truce in the "Tuna War" prompted President Nixon's formal lifting of the sales ban in January.

Resumption of military sales and training is not expected to bring back a large U.S. military mission to Quito. The last one was expelled in 1971 following the cutoff of the arms sales program. Ambassador Robert C. Brewster is expected to enlarge his staff of military attaches to handle the paper work involved in the training program and weapons sales.

EXHIBIT 3

[From the Christian Science-Monitor, May 9, 1974]

MIDEAST ARMS DEALS DISTURB UNITED STATES: COSTLY WEAPONS FROM WEST, THEIR EFFECT ON ARAB NATIONS, SOVIETS CAUSE CONCERN

(By Dana Adams Schmidt)

WASHINGTON.—The prospect of more multibillion-dollar arms deals with Iran and Saudi Arabia in the 1975 fiscal year—and the arms race such deals may portend—is beginning to worry some officials of the State and Defense Departments.

The outlook, these officials say, is for $3 billion and possibly as much as $4 billion worth of sales to Iran during this period and more than $1 billion worth to Saudi Arabia. Kuwait is, meanwhile, in the market for a several hundred million dollar air defense system.

Privately, American officials are convinced that hundreds of millions of dollars worth of costly weapons sent to these and other countries of the Middle East are bound to end up rusting in warehouses, or more likely, out in the open. These officials point out that it is a great deal easier to buy a piece of military hardware than to train men to use it.

But the thing that worries the officials much more than the waste is the effect these huge programs, combined with additional purchases from France and Britain, are going to have on Iraq and its superpower backer, the Soviet Union. Saudi Arabia, Kuwait, Iran, and Iraq are the principal countries on the shore of the Persian Gulf, all of them oil billionaires.

The rationale for the programs is that, since the British military withdrawal from the gulf at the end of 1967 the countries of the area have themselves begun to fill the power vacuum the British presumably left behind.

But some here believe it is likely that they are in fact getting into a new and major arms race—a race made more complex by the fact that in addition to the East-West implications, Saudi Arabia and Iran are traditional rivals.

Here are some of the sketchy facts on the sales available from company and official sources. (The purchasing countries object to the publication of details of their transactions, and American companies concerned with their own profits and American officials concerned with the United States balance of payments are usually eager to cooperate in withholding the information.)

The $3 billion to $4 billion deals with Iran for the period in question include about $1 billion worth of F-14 jet fighters built by Grumman, together with the extra gear that may be required over a period of three years—spare parts, spare engines, technical equipment, ground support, bombs, missiles, and electronic firecontrol equipment.

SELLING AGREEMENT

In addition the Shah probably will be buying McDonnell-Douglas F-15's as these become available. The U.S. already has agreed to sell them.

Other deals with the Iranians which are included in the coming fiscal year (although they may take years longer to complete) include $400 million to $500 million for naval craft, notably two Spruance-class destroyers.

MISSILES INCLUDED

Another item on the Iranian list is reequipment with the latest-model Hawk missiles. These are air-defense missiles said to be the American answer to the Russian SA-6 which proved so effective against the Israelis last October.

The size of the coming year's military deals should be appreciated against the background of about $2 billion worth of military sales last year and about $1 billion worth during the preceding years.

The Saudis have not thus far purchased the most expensive American jet fighters, although they were told last fall that the United States was willing to sell them F-4 Phantoms. No answer has been received from Saudi Arabia, and American officials now presume that the Saudis are buying French Mirages.

The biggest item in the coming year will be a $750 million naval expansion program. This includes sizable sums for the bricks and mortar of naval base development as well as 19 ships ranging in size from coastal craft to frigate.

Most of the rest of the billion-dollar estimate for the year is devoted to modernization and mechanization of the Saudi national guard.

Not included in the estimate for the year is a $360 million agreement recently concluded between the Saudi Government and Raytheon for the modernization of the country's eight-year-old Hawk missile-defense system.

The Kuwaits, who have definitely opted out of the F-4 market in favor of French Mirages, are engaged in comparing the Hawk with the French crotale and British missile systems.

EXHIBIT 4

[From the Wall Street Journal, Aug. 29, 1974]

UNITED STATES ARMING OF IRAN SEEKS OIL AND STABILITY, BUT COULD LOSE BOTH

(By Richard J. Levine)

Some monarchs of Mideast oil lands may have more money than they know what to do with. But not his imperial majesty Mohammed Reza Pahlavi, the Shah of Iran; he knows how to use his oil billions.

The Shah has been on a shopping spree—buying heaps of modern arms from the U.S. In the past year his purchases totaled a staggering $3.5 billion, seven times the amount of two years before. With a seemingly insatiable appetite for sophisticated weaponry, the tough-talking, fiercely independent Shah has equipped his armed forces with high-performance jet fighters, military transport planes, swift air-cushion ships and hundrdes of tanks and armored personnel carriers.

His aims, though not entirely clear, seem to be to swell national pride and his own ego, to impress Iran's neighbors and to dominate the Persian Gulf region.

The Shah's eagerness to buy is almost equaled by U.S. willingness to sell, and Washington's aim is quite clear; creation of a military power in the oil-rich Persian Gulf that could guarantee regional stability and thus assure U.S. access to Mideast oil.

THE GIANT OF THE GULF

In fact, the U.S. arms sales, besides benefiting American defense contractors and aiding the balance of payments, have turned Teheran into a military giant in the area. Non-Arab Iran is capable of projecting its power into Arab states throughout the Persian Gulf region as well as protecting its western border from hostile Iraq.

But it is increasingly uncertain whether U.S. policy has promoted stability and U.S. access to Mideast oil or, rather, has fueled a Persian Gulf arms race that is heightening regional tensions and spurring the oil-producing states to raise oil prices to pay for expensive weapons. For the U.S. has begun selling arms to several of Iran's Arab neighbors, too.

Some government and private analysts believe that American arms sale to Iran could turn out to be at least self-defeating and at most highly dangerous. In the long run, critics say, Washington's policy threatens to alienate Saudi Arabia and other Arab states (which have even more oil to sell than Iran) and possibly entangle the U.S. in an unwanted war in the Persian Gulf.

THE SAUDIS WONDER

While American diplomats describe Saudi Arabia's relations with Iran as "good," King Faisal is less than enthusiastic about the big arms buildup on the other side of the Gulf. "The Saudis wonder why so much equipment has been sold the Shah," is the understated way one State Department observer puts it.

"We should never have given the Shah a blank check," grumbles an American diplomat. And a top State Department official worries that weapons sales to Iran have "achieved a magnitude people didn't anticipate," without adequate "consideration of the long-term consequences."

Outside the administration, blunter warnings are being sounded.

"To pump arms (into the Persian Gulf) is a high-risk kind of adventure," maintains Indiana Democrat Lee Hamilton, chairman of the House subcommittee on the Near East and South Asia. Stability, he contends, can be achieved by dealing with the long-term economic and political problems in the region—not simply by selling arms.

THE U.S. AND MOSCOW

"With the advanced military hardware has come greater superpower involvement in the Gulf, and a concomitant increase in the danger of military confrontation between the U.S. and the Soviet Union," says defense analyst Dale R. Tahtinen in a study published recently by the American Enterprise Institute, a Washington research organization. "This danger would reach a particularly high level if fighting were to erupt between the client states"—meaning U.S.-backed Iran and Soviet-supported Iraq.

Now, spurred by the desire to cultivate the Saudis following the Arab oil embargo, the State Department and the National Security Council have undertaken a broad review of U.S. policy toward the Persian Gulf region. This reexamination is leading to greater emphasis on forging economic, social and military ties with the Arab governments. It may bring some real restrictions on U.S. weapons sales to Iran.

So far, the U.S. arms shipments to Iran's Arab neighbors remain on a rather modest scale because of their lack of skilled military manpower. But the trend is upward.

Saudi Arabia ordered $582 million in arms and training aid from the U.S. in the year ended June 30. The U.S. is supplying Northrop F5E fighters and is engaged in a 10-year program to improve the Saudi navy by selling patrol craft and building bases. It is also engaged in a $335 million project to modernize the Saudi national guard, which is responsible for internal security and protection of oil installations. A current U.S. review of the Saudis' long-term defense needs will inevitably result in further weapons sales.

Kuwait, flush with oil money, has also been eyeing and buying American arms. The past year's orders totaled only $18.2 million, but the Kuwaitis have under consideration a $300 million to $400 million package that includes ground-to-air-missiles.

Meantime, Defense Department officials insist they have blunted the Shah's interest in some advanced military merchandise, such as Boeing's airborne warning and control aircraft (originally intended to detect long-range Soviet bombers) and Lockheed's giant C5A cargo jet.

But he has been allowed and even encouraged to purchase some of the most sophisticated weapons in U.S. arsenals, including Grumman's swing-wing F14 fighter (the Navy's newest warplane), McDonnell Douglas' F4 fighter, Lockheed's C130 transport and Hughes Aircraft's TOW antitank missile. In the case of Bell's AH1J attack helicopter, the Shah is getting a whirlybird more advanced than any used by the American Army. His future purchases are likely to include Litton's DD963 destroyer and a lightweight fighter still under development.

(The Shah has offered to extend credit to financially troubled Grumman Corp. to assure continued production of the F14 for both the U.S. Navy and the Iranian air force. But U.S. officials, apparently fearful of the growing dependency of some American defense contractors on Iran, are reluctant to okay such a plan.)

Thus Iran remains the dominant Persian Gulf power, and its lead appears to be lengthening. Tehran boasts a well-equipped, highly mobile 160,000-man army, a 40,000-man air force outfitted with 159 modern combat planes (247 more are on order) and a small but expanding navy. A particular pride of the navy is the world's largest operational fleet of hovercraft (high-speed vessels that skim over the water on a cushion of air) capable of landing a battalion of trops on the opposite, or Arab, side of the Gulf. "The hovercraft bother the hell out of Kuwait," says an expert on the region.

The design of this formidable force, as well as the rationale behind it, is the personal handiwork of the 54-year-old Shah—a self-styled military expert with grand visions for his 2,500-year-old nation.

The Shah sees Iran as a bastion of stability in a region including both dangerous Soviet-supported states like Iraq and South Yemen and militarily weak oil-producing states like Saudi Arabia, Kuwait, Oman and the United Arab Emirates. He speaks frequently of a role for Iran as policeman of the Persian Gulf—helping, for example, to assure safe passage of tankers carrying oil to Europe, Japan and the U.S.—and of his willingness to come to the aid of any Gulf states threatened by radical terrorists. He has referred to the Persian Gulf as "my lake."

The Shah's aspirations, both military and other, have been abetted by his oil wealth; Iran's oil industry is expected to yield about $18 billion in revenue this year. With this money, he has not only bought weapons but has purchased 25% of Germany's Krupp steelworks, made a $1.2 billion loan to Britain and agreed to buy $5 billion in industrial products from France. He sees Iran emerging as a world power on the scale of those three nations. "It's hard to conclude that there isn't an element of ego and national pride" in the Iranian military expansion, says a Pentagon planner.

Neighboring Iraq, ruled by the left-wing Baath Party, poses the most immediate threat to Iran. The two countries have engaged in repeated border clashes and there is a long-standing dispute between Tehran and Baghdad over the Shatt al Arab river that runs into the Gulf. Moreover, the 1972 Iraqi-Soviet treaty, which includes a vaguely worded mutual defense provision, makes the Shah nervous. (The Shah maintains good formal relations with the Russians but deeply distrusts them.)

Iraq has slightly more warplanes and tanks than Iran, yet almost all military analysts rate the Shah's forces as vastly superior. "There is absolutely no doubt that the Imperial Iranian Armed Services are already in a position to preserve the territorial integrity of Iran against any single aggressor in any conflict below the level of nuclear war," concludes the International Defense Review, an authoritative military journal.

ONE DAY TO BAGHDAD?

Indeed, Iran's strength could tempt it to go too far in one of its periodic border fights with Iraq. Iranian officials have said privately that their forces could be in Baghdad "in a day" if allowed to pursue. But that would surely prompt the Russians to help the Iraqis, leading Tehran to call for American assistance. (Under a 1959 agreement with Iran, the U.S. is committed to "take such appropriate action, including the use of armed forces, as may be mutually agreed upon.")

While U.S. officials believe that such a confrontation of the superpowers is most unlikely, they don't rule out the possibility. The Shah himself outlined such a possibility late last year in an interview with the Italian journalist Oriana Fallaci that appeared in the New Republic. After telling her that "nobody can influence me, nobody at all" and describing Iraq's rulers as "a group of crazy, bloodthirsty savages," the Shah declared:

"Lots of people believe a third world war can only break out on account of the Mediterranean, whereas I maintain it could break out much more easily over Iran. . . . It's we who control the world's resources of energy."

While the Shah takes a tough line in public, many American officials contend he is no territorial expansionist and is unlikely to push the Iraqis to a point where Moscow would feel impelled to move militarily. But it is a lot less certain the Shah would exercise restraint if he felt that one of the conservative sheikhdoms on the Arabian peninsula was threatened by a radical take-over.

THE HORMUZ INCIDENT

In November 1971, some U.S. officials recall, Iranian troops occupied three small, strategically located islands in the Strait of Hormuz at the entrance to the Persian Gulf. "The Arabs knew our weapons and training, were involved," says a foreign service officer. The diplomatic repercussions of the Shah's military move delayed the opening of two American embassies in the Persian Gulf region.

Today, Iran has 1,000 to 1,500 troops in the sultanate of Oman at the lower end of the Arabian Peninsula. They are helping the sultan's force try to put down a left-wing rebellion financed and armed by the Russians and staged from South Yemen. The rebels go by the formal name of the Popular Front for the Liberation of the Occupied Arab Gulf, a title that the Shah takes seriously.

"Any such Iranian incursions into the Arabian Peninsula carry with them the danger—however remote—of an Arab military response," says Mr. Tahtinen, the defense analyst, in his study for the American Enterprise Institute. "The Arab powers may feel it is essential to challenge what they perceive as Iranian expansionism before Tehran further increases its power."

U.S. officials concede that their policy of arms sales to Mideast nations carries some risks, but they insist that America's need for Persian Gulf oil gives them little choice. In any case, they add that other countries—Britain, France and Russia—would step up their sales if Washington clamped down. Too, they say that because of the complexity of U.S. weapons, Washington has a measure of control over the Shah's actions. "We will be able to put those F14s on the ground by withholding spare parts," says a U.S. military man.

As things stand, Iran's arms buildup is likely to continue. Certainly the Shah's fascination with sophisticated military hardware doesn't appear to be diminishing. Says an American observer:

"Some men take Playboy to bed; the Shah reads Aviation Week."

EXHIBIT 5

[From the New York Times, January 18, 1974]

ARMS SALES BOOM IN MIDEAST; UNITED STATES IS THE PRINCIPAL SUPPLIER

PARIS, January 12.—The decision by Iran to order $900-million in American-built fighters is only one sign of the growing business in arms in the Middle-East—a business that is expected to continue booming as coffers of the oil state swell following recent price increases.

Several industrial countries, in particular France, Britain, Italy and Japan, are competing for oil supply contracts with the Middle East producers.

Among the inducements are commitments by the industrial countries to participate in the economic, technological and military development of the producer countries.

The oil states of the Persian Gulf are especially interested in military development, and even though Washington is not competing for oil supplies—or at least not openly—it is the United States that is the principal arms supplier in the region.

ABU DHABI BUYS JETS

But France and Britain are coming up fast. France, for instance, has just sold the tiny emirate of Abu Dhabi 14 Mirage Jets. Abu Dhabi has only 80,000 people and no pilots. The pilots will come from Pakistan.

The producing states justify their demand for military equipment in several ways.

In the first place, many are still run on conservative feudal lines and face constant internal threats from separatists and Palestine guerrillas. So they say they need the arms to maintain internal stability.

To keep control on border conflicts, such as that between Kuwait and Iraq last spring, and to reduce the possibilities of intervention in the region by the major powers are other arguments used to justify the arms build-up.

POSITION OF UNITED STATES

The United States, which has contingents of arms salesmen, technicians and counselors in most of the Middle Eastern states, maintains that its desire is to help the producers resist eventual penetration by the Russians or the Chinese.

While the oil producers have been raising their prices, the cost of arms has also been moving up swiftly.

In fact, from the point of view of Iran, the biggest arms purchaser in the region, the fact that defense goods have moved up so rapidly was one of the elements behind the recent sharp increases in oil prices.

Iran was reportedly interested in the F-14A fighter for some time, but was reluctant to pay the high price, $30-million for each aircraft, demanded by the manufacturer, the Grumman Corporation of Long Island.

That figure, which includes spare parts, is believed to be twice what the United States Navy and Marine Corps have paid for their F-14A fighters.

LEVEL OF SPENDING

With prospects for quadrupled oil revenues this year, Iran presumably now feels able to afford the Grumman price.

Iran's annual military budget has risen recently at a rate of nearly 50 per cent and that of Saudi Arabia by nearly a third.

In the nineteen-fifties Iran's arms buying was less than $10-million a year. By the late nineteen-sixties the figure exceeded $150-million, and it will reach $2-billion a year during the current five-year plan, begun last March.

The French have military contracts with a number of Persian Gulf states. Saudi Arabia, for instance, is buying 38 Mirage III jets, AMX-30 tanks, light automatic machine guns, amphibious equipment, and tactical air-to-air and ground-to-air missiles.

KUWAIT: CONTRACTS SOUGHT

French and American arms salesmen are now fighting for new contracts in Kuwait. The French are proposing Mirage jets for the Kuwait air force, while the United States is offering F-5's or F-4's.

Although Britain's influence in the region is on the wane, the British were able to get an important contract with Saudi Arabia last year, representing deliveries of $600-million of arms purchases, mainly aeronautical equipment, over five years.

Britain has sold naval equipment to several of the emirates, and some aircraft and anti-submarine helicopters to Iran.

But the United States is by far the biggest supplier to the two principal arms purchasers in the region, Iran and Saudi Arabia.

EXHIBIT 6

[From the New York Times, Sept. 11, 1974]

U.S. ROLE GROWS IN ARMING SAUDIS

(By Juan de Onis)

JIDDA, SAUDI ARABIA, September 10.—With billions in military sales at stake, the United States is making a determined effort to retain its position as the dominant supplier of arms to Saudi Arabia against competition from Britain, France and other Western nations.

The American interest was illustrated by the visit here today of J. William Middendorf 2d, the Secretary of the Navy, and of Lieut. Gen. W. C. Gribble Jr., the chief of the United States Army's Corps of Engineers.

Saudi Arabia's military development plans give high priority to establishing naval forces with modern bases on the Persian Gulf and the Red Sea.

The plans have created great interest in the Navy Department, which could sell some ships, and to the Corps of Engineers, which has a long record of designing and supervising construction of military installations for the Saudi Army and Air Force.

The two visitors were received by King Faisal and by Prince Sultan Ibn Abdel Aziz, the Minister of Defense and Aviation, who planned a large party at his Red Sea villa for General Gribble later this week.

United States military cooperation with Saudi Arabia, which began in 1952 with the assignment of a military training mission here, is to undergo a major review when a new Saudi-American defense commission meets here in November. United States military involvement is growing but stops just short of a mutual defense pact, which would oblige the United States to resist a foreign attack on the country.

During the last 10 years, the United States has conducted major arms supply and training programs here through American defense contractors, in addition to maintaining several hundred officers in the training mission.

Through the Raytheon Corporation, the Saudi air defense system has been supplied with Hawk missiles and has a $265-million purchase program for advanced Hawk ground-to-air missile batteries. Under a maintenance contract, Raytheon keeps 450 technicians here to service the missiles.

NORTHRUP TRAINS PILOTS

The Northrup Corporation is in charge of supplying several squadrons of F-5E jet fighters, with training of Saudi pilots and development of personnel and facilities.

The Lockheed Corporation is supplying the Saudi air transport command with C-130 cargo planes, with similar training of pilots and ground personnel. The Bendix Corporation has a long-term contract to maintain the truck and armored vehicles of the Saudi Army.

The United States has entered into a $250-million arms and training contract with the National Guard, the Saudi internal security force. The training mission for the National Guard is separate from the training missions that the United States maintains for the army, air force and navy.

The Corps of Engineers has supervised the construction of the two big army bases at Tofuk, near the northwest border with Jordan, and at Khamis Mushait, in the south near Yemen and Southern Yemen. Southern Yemen has been armed by the Soviet Union and China.

The Joint Saudi-American defense commission will seek to determine Saudi military requirements that call for more direct Pentagon involvement in the procurement of advanced weapons, such as the new supersonic jet fighters that will replace the F-4 Phantom and the F-5 models.

"I do not know of anything that is nonnuclear that we would not give the Saudis," said a United States military official here, "we want to sell and they want to buy the best."

The British Aircraft Corporation has had a program supplying Lightning fighters here since 1965 and has also been in charge of radar installations. The French military mission attached to the Saudi Army has helped to promote sales of French tanks and the French are trying to sell advanced Mirage fighters.

With billions accumulating from oil sales, the Saudis are anxious to establish a deterrent to any threat to their oilfields, concentrated in the eastern province and off shore in the Persian Gulf.

The Saudis are impressed by the large arms build-up in Iran, which is spending even more than the Saudis on the modern weapons.

After Mr. Middendorf ends his stay here today he planned to go to Bahrain, where the United States is trying to maintain a token naval presence in the Persian Gulf with the LaSalle, an amphibious dock vessel, as the flagship.

During the Middle East war in October Bahrain gave six months notice of concellation of an agreement allowing the LaSalle to berth there. The ship is now in the Philippines being reconditioned, and the status of the agreement with Bahrain is under review.

EXHIBIT 7

IRAN NEGOTIATING BIG DEAL WITH UNITED STATES

(By Lesile H. Gelb)

WASHINGTON, September 18.—Ford Administration officials say the Pentagon is negotiating an agreement for cash sales of communications and other equipment to Iran, with the deal expected to total at least $4-billion.

Last year Iran purchased almost $4-billion in equipment, nearly all of it military, and about $2-billion in arms the year before. But, officials say, the bulk of the purchases currently under negotiation may well be of communications equipment, with most of that to be used for nonmilitary purposes.

According to the officials, Iran is looking to the United States Air Force to help her develop a national communications system that will tie together and vastly expand existing economic, educational and military networks.

Asked why the sale of equipment for civilian use was being discussed with the Pentagon, an official said communications satellites were a part of the package. Another said, "Over the years Iran has built up confidence in the managerial skills of the American Air Force."

AGENCY IS MIDDLEMAN

Under the program of cash sales run by the Pentagon, the Defense Security Agency acts as middleman between buyers and American companies, with sales agreements, between buyer and the Pentagon and then the Pentagon and producer. The bulk of American arms sales are in this fashion.

Officials predicted that contracts resulting

from the projected sale, if consummated, could be in excess of $10-billion.

Secretary of State Kissinger is expected to discuss these and other matters when he visits Iran next month, the officials said. He and Shah Mohammed Riza Pahlevi are also expected to establish joint commissions for economic and military planning.

The joint commission, a relationship less than a formal alliance and more than bilateral talks, sidesteps Congressional concerns about treaty commitments and yet makes it possible to give permanence to negotiations.

TO AID POORER LANDS

A ranking State Department official said that the whole idea had been discussed by Mr. Kissinger since last fall and that he had decided to use the commissions as vehicles to "transfer technology from the American private sector" to developing countries.

Two officials added that the joint commission was also thought of as a way for the donor and recipient countries to deal on a more equal basis. The usual method has been for the recipient to work with American economic and military personnel.

An American-Soviet economic commission was established in 1972. Last summer the United States and Egypt set up commissions for economic and scientific affairs, and the United States and Saudi Arabia established economic and military commissions.

When Mr. Kissinger visits India in the fall, it is reported, a United States-Indian economic commission will be announced.

The negotiations between the Pentagon and the Iranian Government are also said to cover further sales of sophisticated aircraft, including the F–4, modern missiles, electronic gear and spare parts.

Also under discussion, the officials said, is the establishment of a number of joint American-Iranian plants, particularly for helicopters. Under this arrangement Washington would provide the physical plant and the technology and license Iran to produce the equipment.

EXHIBIT 8

[From the Washington Post, Sept. 18, 1974]

U.S. ARMS FLOW TO PERSIAN GULF

(By Jim Hoagland)

BEIRUT, September 17.—Kuwait is to sign a contract this week for $450 million worth of American arms and equipment, including advanced-design Hawk surface-to-air missiles, and will shortly open final negotiations for American fighter bombers, Arab military sources said today.

The Kuwaiti purchases and large-scale buying of aircraft by Saudi Arabi form part of a heated arms-buying campaign that is turning the Persian Gulf into a gigantic armory.

Arab oil producers have already committed themselves to buy more than $2.7 billion worth of airplanes, missiles, tanks and other equipment from the United States and Western Europe this year.

Iraq is reported by Western diplomats to be receiving about $1 billion in arms supplies from the Soviet Union this year and neighboring nonArab Iran has placed orders for more than $2.5 billion in arms.

Kuwaiti officials stress that their arms buildup is a defensive one. An incursion by Iraqi forces into northern Kuwait last year has heightened fears of the Connecticut-sized sheikhdom's being swallowed up by its bellicose neighbor to the north.

The Kuwaiti decision to buy U.S. warplanes instead of British Jaguar aircraft represents a commercial and strategic victory for the United States in the escalating race to sell arms and gain influence in oil-rich countries of the Perisan Gulf.

But the pending negotiations emphasize a growing U.S. dilemma on arms sales to Arab countries. Prospective Arab customers reportedly are pressing for more sophisticated fighters with greater range and firepower than Washington appears willing to provide.

Strong reaction from Israel and its supporters in Washington can be expected if the Arab desires are met.

But Arab military analysts are saying privately that the United States runs the risk of being accused even by its Arab friends of trying to pawn off inferior goods on the Arabs and thereby losing sales that would help the economically depressed American aerospace industry and give the United States more leverage in the Arab world.

Kuwait, which is involved in a billion-dollar expansion of its tiny armed forces, has already rebuffed American efforts to push the Northrop F–5E in sales negotiations that began nearly 18 months ago.

The Kuwaitis turned to the British Jaguars rather than accept the smaller plane. But American hints that a large arms package deal would imply a strengthening of American-Kuwaiti defense ties and a willingness to offer larger aircraft, have brought the Kuwaitis back around to committing themselves to buy American.

Kuwait, concerned about a continuing Russian arms buildup in neighboring Iraq, is shopping for 38 fighter-bombers to go with one squadron of French Mirage F–1 jets ordered earlier this year.

American planes under discussion are the McDonnell Douglas Phantom F–4, one of the mainstays of the Israeli air force, and the more recent longer-range Ling-Temco-Vought A–7 Corsair.

The Corsair, a U.S. Navy light attack bomber, is capable of reaching the borders of Israel from Kuwait. It has been exported to only a few countries in Western Europe.

The Pentagon is said to have recommended to Kuwait the A–4F, an older model of the McDonnell Douglas Skyhawk than that possessed by the Israelis, who have made significant modifications in the aircraft.

In Saudi Arabia, the United States faces a similar problem. King Faisal is reported by reliable Arab sources to be under pressure from young Saudi pilots and high-ranking Egyptian officers, who have a formal advisory role in Saudi Arabian arms purchases, to reject American efforts to sell 32 F–5Es to the Saudi air force.

The Saudis have been rankled by reports circulating in Riyadh that a U.S. Defense Department evaluation team that visited Saudi Arabia this summer concluded that Saudi pilots are not sufficiently prepared to handle and maintain more sophisticated aircraft. The team reportedly stressed the ease of maneuverability and maintenance of the F–5E, which is in wide use in developing countries.

Saudi Arabia has three squadrons of the Northrop fighter on order and would like to build its air force to 200 combat aircraft. It has already ordered deep-penetration French Mirage bombers, which Arab observers here believe are destined for Egypt.

Egyptian President Anwar Sadat recently said that friendly countries were buying warplanes for him to replace Egyptian losses in the October war with Israel.

Kuwait will be filling its immediate priority of air defense by signing $125 million contract with Raytheon this week for Superhawk missiles, an advanced version of the air defense weapon already supplied to Israel and Saudi Arabia and sought by Jordan.

The rest of the contract will be for radar, computer systems and buildings to support the air defense system. Yugoslavia will also help Kuwait build airport facilities under a separate contract to be signed this week.

Kuwait has reportedly opted for a defense plan that will have its air force scattered at four or five locations in Kuwait and in neighboring Arab states to prevent a first strike destroying the air force. This is a major factor in the Kuwaiti desire for longer-ranged aircraft, according to Arab sources.

EXHIBIT 9

United States Department of Defense: Offer and Acceptance.

(1) Purchaser (Name and Address) (Include ZIP Code).

(2) Purchaser's reference.

(3) Case designator.

Offer: The Government of the United States hereby offers to sell to the above purchaser the defense article(s) and defense service(s) listed below, subject to the terms contained herein and conditions cited on the reverse.

(4) This offer expires ———, 19—.

(5) Signature, typed name and title of U.S. Representative.

(6) Date.

(7) U.S. Department of ———.

(8) Item or reference No.

(9) Item description (Including stock number, if applicable).

(10) Quantity.

(11) Unit of issue.

(12) Estimated unit cost.

(13) Estimated total cost.

(14) Estimated availability and remarks.

(15) Estimated cost $—.

(16) Estimated packing, crating, and handling costs.

(17) Estimated administrative charge.

(18) Estimated charges for supply support arrangements.

(19) Other estimated costs (Specify).

(20) Estimated total costs $—.

(21) Terms.

ACCEPTANCE

(22) I am a duly authorized representative of the Government of ———, and upon behalf of said Government, accept this offer under the terms and conditions contained herein, this (23) — day of ——— 19—.

(24) Offer/Release code —.

(25) Freight forwarder code —.

(26) Mark for code —.

(27) Point of delivery ———.

(28) Typed name and title.

(29) Signature ———.

CONDITIONS

Pursuant to the US Foreign Military Sales Act, as amended, the Government of the United States (*hereinafter referred to as "USG"*) hereby offers to sell to the Purchaser the defense articles and defense services listed (*hereinafter referred to collectively as "items" and individually as "defense articles" or "defense services"*) subject to the conditions set forth below:

A. The Government of the Unitde States:

1. Agrees to furnish such items from tis Department of Defense (*hereinafter referred to as "DOD"*) stocks and resources, or to procure them under the most advantageous terms and conditions available consistent with DOD regulations and procedures. When procuring for the Purchaser, the DOD shall, to the extent possible employ the same contract clauses, the same contract administration, and the same inspection procedures as would be used in procuring for itself, except as otherwise requested by the Purchaser and as agreed to by the DOD.

2. Advises that when the DOD procures for itself, its contracts include warranty clauses only on an exceptional basis. However, the USG shall, with respect to items being procured, and upon timely notice, attempt to obtain any particular or special contract provision and warranties desired by the Purchaser. The USG further agrees to exercise, upon the Purchaser's request, any rights (*including those arising under any warranties*) the USG may have under any contract connected with the procument of any items. Any additional cost resulting from obtaining special contract provisions or warranties,

or the exercise of rights under such provisions or warranties or any other rights that the USG may have under any contract connected with the procurement of items, shall be charged to the Purchaser.

3. Shall, unless the condition is otherwise specified herein (*e.g., "As Is"*), repair or replace free of charge defense articles which are damaged or found to be defective in respect of material or workmanship and which are supplied from DOD stocks, when it is established that these deficiencies existed prior to passage of title. Qualified representatives of the USG and of the Purchaser, upon notification pursuant to paragraph B4 below, shall agree on the liability of the USG hereunder and the corrective steps to be taken. With respect to items being procured for sale to the Purchaser, the USG agrees to obtain and exercise warranties on behalf of the Purchaser pursuant to A2 above to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective. In addition, the USG warrants the title of all items sold to the Purchaser hereunder. The USG, however, makes no warranties other than those specifically set forth herein. In particular the USG disclaims any liability resulting from patent infringement occasioned by the use or manufacture by or for Purchaser outside the United States of items supplied hereunder.

4. Agrees to deliver and pass title to the items to the Purchaser at the initial point of shipment unless otherwise specified herein. With respect to defense articles procured for sale to the purchaser, this will normally be at the manufacturers' loading facilities; with respect to defense articles furnished from stocks, this will normally be at the U.S. depot. Articles will be packed, crated or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" designated on the reverse is specified otherwise than the initial point of shipment, the supplying Military Service will arrange movement of the items to the authorized delivery point as reimbursable service. Custody must not be construed to mean retention of title.

5. Advises that: a. Unless otherwise specified, USG standard items will be furnished without regard to make or model.

b. The price of items to be procured shall be at their total cost to the USG. Unless otherwise specified, the cost estimates of items to be procured, availability determination, and delivery projections quoted are estimates based on current available data. The USG will use its best efforts to advise the Purchaser or its authorized representative:

(1) of any identifiable cost increase that might result in an increase in the "Estimated Total Costs" in excess of 10 percent, but its failure to so advise shall not affect the Purchaser's obligation under paragraph B5 below.

(2) of any delays which might significantly affect the estimated delivery dates.

c. The USG will, however, use its best efforts to deliver items or render services for the amount and at the times quoted.

6. Under unusual and compelling circumstances when the best interests of the United States require it, the USG reserves the right to cancel all or part of this order at any time prior to the delivery of defense articles or performance of services. The USG shall be responsible for all termination costs of its suppliers resulting from cancellations under this paragraph.

7. Shall refund to the Purchaser any payments received hereunder which prove to be in excess of the final total cost of delivery and performance of this order.

B. The Purchaser:

1a. In payment for the items shall forward with its acceptance of this offer a check payable in United States dollars to the Treasurer of the United States in the amount shown as the estimated total cost, unless different arrangements are specified under "Terms".

b. Agrees, if "Terms" specify payment by "dependable undertaking" to pay the USG such amounts at such times as may be specified by the USG in order to cover shipments from stock or services rendered or to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue from cancellation of contracts resulting from Purchaser's action under paragraph B6 hereof. Requests for funds may be based upon requirements for advances and progress payments to suppliers or delivery forecasts, as the case may be. Requests for funds and billings, when funds are not already on deposit, are due in full on presentation. Documentation concerning advance and progress payments or proof of shipment in support of bills will be made available to the Purchaser by the DOD upon request. When appropriate, the Purchaser will request adjustment of any questionable billed items by subsequent submission of required discrepancy reports in accordance with paragraph B4 below.

c. Agrees, if "Terms" specify payment on evidence of constructive delivery, to make payment in full amount of any request for funds or billing within the month following the month of the request, or as otherwise required in accordance with the "Terms" herein.

d. Agrees, if "Terms" specify payment under a Credit Agreement between the Purchaser and DOD, to pay to the USG on a "dependable undertaking" basis, in accordance with B.1b. about, such costs as may be in excess of the amounts funded by the Credit agreement.

2. Shall furnish shipping instruction for the items with its acceptance of this offer. Such instructions shall include (a) Offer/Release Code, (b) Freight Forwarded Code, and (c) the Mark for Code, as applicable.

3. Shall be responsible for obtaining the appropriate insurance coverage, and, except for items exported by the USG, appropriate export licenses.

4. Shall accept title to the defense articles at the initial point of shipment (*see A4 above*) unless otherwise specified herein. Purchaser shall be responsible for in-transit accounting and settlement of claims against common carriers. Title to defense articles transported by parcel post shall pass to the Purchaser on date of parcel post shipment. Standard Form 364 shall be used in submitting claims to the USG for non-receipt, overage, shortage, damage, duplicate billing, item deficiency, improper identification or improper documentation and shall be submitted by Purchaser promptly. Claims of $25.00 or less will not be reported for overages, shortages, or damages. Claims received after one year from date of passage of title or billing, whichever is later, will be disallowed by the USG.

5. Shall reimburse the USG if the final cost to the USG exceeds the amounts estimated in this sales agreement.

6. May cancel this order with respect to any or all of the items listed in this sales agreement at any time prior to the delivery of defense articles or performance of services. It shall be responsible of all costs resulting from cancellation under this paragraph.

7. Shall, except as may otherwise be mutually agreed, use the items sold hereunder only.

a. For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the USG and the Purchaser;

b. For the purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if subparagraph a of this paragraph is inapplicable; or

c. For internal security, self-defense, and/or civic action, if subparagraphs a and b of this paragraph are inapplicable.

8. Shall not transfer title to, or possession of, the defense articles, components and associated support material furnished under this sales agreement to any person, or organization (*excluding transportation agencies*), or other government, unless the written consent of the USG has first been obtained. It shall not disclose, dispose of, or permit use of any plans, specifications or information furnished in connection with this transaction, except to the extent authorized in writing by the USG. To the extent that any items, plans, specifications, or information furnished in connection with this transaction may be classified by the USG for security purposes, the Purchaser shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the USG, throughout the period during which the USG may maintain such classification. The USG will notify the Purchaser if the classification is changed. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any defense article and any plans, specifications, or information furnished, whether patented or not.

C. Indemnification and assumption of risks:

1. It is understood by the Purchaser that the USG in procuring and furnishing the items specified in this agreement does so on a nonprofit basis for the benefit of the Purchaser. The Purchaser therefore undertakes, subject to A3 above, to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (*whether in tort or in contract*) which might arise in connection with this agreement because of: (i) injury to or death of personnel of Purchaser or third parties; (ii) damage to or destruction of (A) property of the DOD furnished to suppliers specifically to implement this agreement, (B) property of Purchaser (*including the items ordered by Purchaser pursuant to this agreement, before or after passage of title to Purchaser*), or (C) property of third parties; or (iii) patent infringement.

2. Subject to any express, special contractual warranties obtained for the Purchaser in accordance with A2 above, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of loss or damage to Purchaser's property (*including the items procured pursuant to this agreement, before or after passage of title to Purchaser*) to the same extent that USG would assume for its property if it were procuring for itself the item or items procured pursuant to this agreement.

D. Acceptance:

To accept this offer, the Purchaser will return the original and three copies properly signed, to the U.S. Military Department making the offer not later than the expiration date of the offer set forth herein. When properly accepted and returned as specified herein, the provisions of this offer shall be binding upon both Governments. Unless written extension is obtained from an authorized representative of such U.S. Military Department, this offer shall terminate at the end of such expiration date.

E. Enclosures:

Enclosures attached hereto are, by this reference, incorporated herein and are made a part hereof as though set forth in full

EXPLANATORY NOTES

1. The item or reference numbers appearing in the "ITEM OR REF. NO." column may not correspond with references used in your original request. However, this number, together with the case designator shown should always be used as a reference in future correspondence.

2. Availability lead time quoted in the "AVAILABILITY AND REMARKS" column is the number of months required to deliver items after receipt of acceptance of this offer pursuant to Section D above and the conclu-

sion of appropriate financial arrangements. The planned source of supply for each item is expressed in the following codes:

S (*) Service Stocks.
P (*) Procurement.
R (*) Rebuild/Repair/Modification.
X (*) Stock and procurement, e.g., initial repair parts.

*Availability is stated in months.

3. Condition of the defense articles shown in the "availability and remarks" column is expressed in the following codes:

AI—Items to be provided in existing condition without repair, restoration or rehabilitation which may be required. Condition indicated in item description.

M—Articles of mixed condition (*new, reworked and rehabilitated*) may be commingled when issued. Example: repair parts, ammunition, set assemblies, kits, tool sets and shop sets.

N—Serviceable defense articles.

O—Obsolete or non-standard item in an "AS IS" condition for which repair parts support may not be available from DOD.

S—Substitute. Suitable substitutions may be shipped for unavailable defense articles unless otherwise advised by the Purchaser.

U—Reworked or rehabilitated defense articles possessing original appearance insofar as practicable; including all Modification Work Orders and Engineering Change Orders as applied to such defense articles when issued but defense articles should not be considered as having had total replacement of worn parts and/or assemblies. Only parts and components not meeting US Armed Forces serviceability tolerances and standards will have been replaced; in all instances such defense articles will meet US Armed Forces standards of serviceability.

EXHIBIT 10

CONSTITUTIONALITY OF THE LEGISLATIVE VETO AMENDMENT TO THE FOREIGN MILITARY SALES AND ASSISTANCE ACT

This memorandum is in response to your request of July 30, 1973, for material on the constitutionality of the legislative veto.

Amendment No. 253 to S. 1443, the proposed Foreign Military Sales and Assistance Act, requires Congressional approval of any foreign military sale exceeding 25 million dollars, or sales to any country exceeding 50 million dollars for a fiscal year. The amendment permits either House of the Congress to disapprove a sale or increase in assistance by means of a simple resolution within thirty days of the report to the Congress of the proposed transaction. See 119 Cong. Rec. S. 11930 (daily ed. June 25, 1973).

Our analysis of the problem persuades us that the proposed amendment is constitutional. Perhaps, the best way to demonstrate this is to examine the historical background of the legislative veto as it developed in the Executive Reorganization Acts. We will begin by defining the terms commonly used in this area.

DEFINITIONS

A. *Congressional veto.* The term "congressional veto" is a generic term covering a variety of statutory devices which enable one or both Houses of the Congress, or one or more committees of the Congress, to preclude the Executive from final implementation of a proposed action authorized by law. This definition includes only those measures which legally compel the Executive to forego the proposed action. It excludes many provisions that are often described as Congressional legislative or committee vetoes, but which do not legally preclude Executive action if Committee approval is not forthcoming.

B. *Legislative veto.* A legislative veto is a provision in a statute that requires the President or an Executive agency to submit actions proposed to be taken pursuant to statutory authority to the Congress at a specified interval, usually 30 to 60 days, before they become effective. The action becomes effective at the close of the interval 1) if the Congress fails to express its disapproval, or 2) in a few cases, if the Congress expresses its approval. If the disapproval or approval takes the form of a concurrent resolution by both Houses of the Congress, the measure can be termed a "two-House" legislative veto. If the disapproval takes the form of a simple resolution by either House, then the device is a "one-House" legislative veto.

Neither a concurrent resolution nor a simple resolution is presented to the President for his signature. Thus, neither form of approval or disapproval is subject to veto by the President. In this memorandum, the term legislative veto does not include measures which require the Congressional disapproval to take the form of legislation enacted by both Houses and signed by the President (or passed over his veto).

C. *Committee veto.* The committee veto includes several types of statutes. Among these are provisions which require an Executive agency to submit a report of a proposed action to one or more committees of the Congress at a stated interval, usually 30 to 60 days, prior to its effective date. During the interval, the action may be blocked by a resolution of disapproval by any of the committees. In some instances, the action does not become effective until all designated committees pass resolutions of approval. Finally, some committee veto provisions do not specify an interval, but rather provide that the Executive agency must "come into agreement" with the responsible committees before it may take the proposed action.

D. *Reporting Provisions.* The term "reporting provision" refers to those statutes which provide that a proposed action by the Executive branch shall not take place until the expiration of a specified time, usually 30 to 60 days, after the proposed action has been reported to the two Houses of the Congress or to designated committees of the Congress.

This type of statute is often referred to as a waiting period, a report-and-wait, or a laying-on-the-table provision. In some cases, the waiting period may be waived in whole or in part by resolutions of approval by the designated Houses or committees. Some of these laws do not specify the waiting period, but simply provide that no action may be taken until after there has been "full consultation" with the designated committee.

During the waiting period, the responsible committees have an opportunity to review the proposed action and make their approval or disapproval known to the agency. The agency, however, is not legally bound by a committee's resolution of disapproval. It may go forward with the proposed action unless the disapproval takes the form of enacted legislation.

The practical effect of most reporting provisions may be the same as that of a committee veto, because most agencies are usually reluctant to take an action that is clearly contrary to the wishes of its oversight Congressional committee. For this reason, reporting provisions are frequently lumped together with true legislative or committee vetoes in discussions of the general topic. See Harris, *Congressional Control of Administration* 204–48 (1962). From a constitutional viewpoint, however, there is a major distinction between the two types of legislation.

Many of the statutory provisions commonly referred to as committee vetoes or Congressional vetoes are actually reporting provisions. Twelve of the 19 veto provisions compiled by this Division in 1967 were reporting requirements. See Small, *The Committee Veto: Its Current Use and Appraisals of Its Validity* (Legislative Reference Service, Jan. 16, 1967). Twenty-two of the 39 provisions compiled by the American Law Division in January 1973 were reporting provisions.

See Williams, *Federal Statute Citations Which Give Congressional Veto Over the Power of the Executive Relating to Disposal of Federal Property or Interest* (American Law Division, January 15, 1973).

PARALLEL PROVISIONS

There are numerous other statutes which also contain "one-House" legislative vetoes. See, for example, 22 U.S. Code sec. 2587, dealing with transfer of functions to the Arms Control and Disarmament Agency; 50 U.S. Code App. sec. 194g, dealing with sales of military rubber plants; and 8 U.S. Code sec. 1254, governing the suspension of deportation proceedings for aliens by the Attorney General. Because the legislative veto originated in the Reorganization Acts, this memorandum will concentrate on the legislative background of that Act. It would appear clear that if the legislative veto feature of the Executive Reorganization Act is constitutional, then the similar provisions in analogous statutes are also constitutional.

LEGISLATIVE HISTORY: ACTS OF 1932 AND 1933

The legislative history of the provision for disapproval of reorganization plans by either House of the Congress extends back to 1932. The Economy Act of 1932 gave President Hoover the authority to consolidate, redistribute, and transfer various Government agencies and functions by Executive Order. The Act provided that each other should be transmitted to Congress in session, and should not become effective until 60 days thereafter. The Act also provided that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving such Executive order or any part thereof, such Executive order shall become null and void to the extent of such disapproval." 47 Stat. 414 (1932).

In an opinion dealing with the propriety in an urgent deficiency bill of a provision authorizing a joint committee of Congress to make the final decision as to whether refunds over $20,000 shall be made and to fix the amount thereof, Attorney General William D. Mitchell cast doubt on the one-House disapproval mechanism.

"It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one house of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts, raises a grave question as to the validity of the entire provision in the Act of June 30, 1932 for Executive reorganization of governmental functions." 37 Op. Atty. Gen. 64–65 (1933).

Largely as a result of the Attorney General's criticism, Congress replaced the one-House disapproval provision in 1933 with a "waiting period" provision. This latter provided that an order became effective after 60 days, unless Congress provided otherwise by statute; this disapproval, in turn, was subject to being vetoed by the President. Act of March 3, 1933, Sec. 407, 47 Stat. 1519. The Congress appears to have countered the objection to its disapproval power by limiting the Act's duration to two years. Accordingly, it expired in 1935. The next Reorganization Act was not enacted until 1939.

THE 1939 ACT

The Reorganization Act of 1939 granted reorganization authority to President Roosevelt for a two year period. The Act provided that the Presidential reorganization propo-

sals were to be embodied in "plans", not in Executive "orders". Each plan would become effective 60 days after its transmittal to the Congress, unless it was disapproved in its entirety by a *concurrent* resolution of *both* Houses of the Congress. Such a concurrent resolution was not subject to Presidential veto.

The House Committee which reported the bill proceeded on the constitutional theory that the power conferred upon the President by the Act was legislative in character; because of this, it seemed inaccurate to provide that his action take the form of an Executive order, as did the 1933 Act. The Committee reasoned that the power was neither "executive" in a true sense, or an "order", for the reorganizations would take place not as a consequence of the President's order, but as a consequence of the happening of the contingencies set forth in the Act. The Committee stated:

"The failure of Congress to pass such a concurrent resolution is the contingency upon which the reorganizations take effect. Their taking effect is not because the President orders them. That the taking effect of action legislative in character may be made dependent upon conditions or contingencies is well recognized." House Report No. 120, 76th Cong., 1st Sess. 4–6 (1939).

The Committee relied on the then recent Supreme Court decision in *Currin* v. *Wallace*, 306 U.S. 1 (1939), which upheld the validity of a referendum of farmers which determined whether the Secretary of Agriculture could exercise the authority given him by the statute. The Committee concluded that it seemed "difficult to believe that the effectiveness of action legislative in character may be conditioned upon a vote of farmers but may not be conditioned on a vote of the two legislative bodies of the Congress." House Report No. 120, 76th Cong., 1st Sess. 6 (1939). See also *United States* v. *Rock Royal Cooperative, Inc.*, 307 U.S. 533 (1939) (agricultural marketing statute); *Marshall Field & Co.* v. *Clark*, 143 U.S. 649 (1892) (finding of fact by executive officer under Tariff Act); *J. W. Hampton, Jr. & Co.* v. *United States*, 276 U.S. 394 (1928). The Supreme Court has stated that the Congress may fulfill "the essentials of the legislative function" by authorizing "a statutory command to become operative upon ascertainment of a basic condition of fact by a designated representative of the government." *Hirabayashi* v. *United States*, 320 U.S. 81, 104 (1943).

THE 1945 ACT

In 1945, a Report of the Senate Committee on the Judiciary recommended a veto by *either* House.

The Committee reasoned that the Reorganization Act delegates part of the legislative power of the Congress to the President; when subject to a one-House veto, such a delegation does not operate to deprive either House of its constitutional right not to have any change made in the law without the assent of at least a majority of its members; either House, after seeing precisely how the President proposes to exercise the general power delegated effectively to him would have its own independent right to veto the Presidential action and thus to retain the essential authority vested in it by the Constiution. Senate Report No. 638, 79th Cong., 1st Sess. at 3 (1945). The Senate, however, restored the veto by concurrent resolution, after a discussion of the constitutionality of the one-House veto. See 95 Cong. Rec. 10269–74, 10714 (1945).

THE 1949 ACT

The one-House veto was first enacted in its present form in 1949. The specific provision originated in the proposed Senate bill. The Senate Committee on Expenditures in the Executive Departments (now the Committee on Government Operations) requested the Justice Department's current views of the constitutional issues raised earlier by Attorney General Mitchell in 1933.

The Department responded, first, that Mitchell's statement concerning the 1932 Act was *obiter dictum*, (that is, not essential to the central matter being decided and, hence not binding), because his opinion was concerned only with the constitutionality of proposed legislation affecting tax funds. Secondly, the Department stated that Mitchell's opinion was based on the unsound premise that the Congress, in disapproving a plan, is exercising a legislative function in a nonlegislative manner. The memorandum continued:

"But the Congress exercises its full legislative power when it passes a statute authorizing the President to reorganize the executive branch of the Government by means of reorganization plans. At that point the Congress decides what the policy shall be and lays down the statutory standards and limitations which shall be the framework of Executive action under the Reorganization Act. If the legislation stops there, with no provision for future reference to the Congress, the President's authority to reorganize the Government is complete. Indeed, such authority was given in full to President Roosevelt in the Reorganization Act of 1933 (47 Stat. 1517).

"The pattern of the 1939 and 1945 Reorganization Acts has been to give the reorganization authority to the President, and then provide machinery whereby the Congress may approve or disapprove the plans proposed by the President. Nor is it, in the circumstances, an improper legislative encroachment upon the Executive in the performance of functions delegated to him by the Congress. As indicated above, the authority given to the President to reorganize the Government is legally and adequately vested in the President when the Congress takes the initial step of passing a reorganization act.

"The question here raised relates to the reservation by the Congress of the right to disapprove action taken by the President under the statutory grant of authority. Such reservations are not unprecedented. There have been a number of occasions on which the Congress has participated in similar fashion in the administration of the laws. An example is to be found in section 19 of the Immigration Act of 1917, as amended (8 U.S.C. 155(c); Public Law 863, 80th Cong.), which requires the Attorney General to report to the Congress cases of suspension of deportation of aliens and which provides further that "if during the session of the Congress at which a case is reported * * * the Congress passes a concurrent resolution stating in substance that it favors the suspension of such deportation, the Attorney General shall cancel the deportation proceedings. * * * If prior to the close of the session of the Congress next following the session at which a case is reported, the Congress does not pass such a concurrent resolution, the Attorney General shall thereupon deport such alien * * *.' The Congress has thus reserved the opportunity to express approval or disapproval of executive actions in a described field.

"Still other examples may be found in the laws relating to the administration by the Secretary of the Navy of the naval petroleum reserves, which require consultation by him with the Armed Services Committees of the Congress before he takes certain types of action, such as entering into certain contracts relating to those reserves, starting condemnation proceedings, etc. (34 U.S.C. 524); and in the statute which requires the Joint Committee on Printing to give its approval before an executive agency may have certain types of printing work done outside of the Government Printing Office (44 U.S.C. 111).

"It cannot be questioned that the President in carrying out his Executive functions may consult with whom he pleases. The President frequently consults with congressional leaders, for example, on matters of legislative interest—even on matters which may be considered to be strictly within the purview of the Executive, such as those relating to foreign policy. There would appear to be no reason why the Executive may not be given express statutory authority to communicate to the Congress his intention to perform a given Executive function unless the Congress by some stated means indicates its disapproval. The Reorganization Acts of 1939 and 1945 gave recognition to this principle. The President, in asking the Congress to pass the instant reorganization bill, is following the pattern established by those acts, namely by taking the position that if the Congress will delegate to him authority to reorganize the Government, he will undertake to submit all reorganization plans to the Congress and to put no such plan into effect if the Congress indicates its disapproval thereof. In this procedure there is no question involved of the Congress taking legislative action beyond its initial passage of the Reorganization Act. Nor is there any question involved of abdication by the Executive of his Executive functions to the Congress. It is merely a case where the Executive and the Congress act in cooperation for the benefit of the entire Government and the Nation.

"For the foregoing reasons, it is not believed that there is constitutional objection to the provision in section 6 of the reorganization bills which permits the Congress by concurrence resolution to express its disapproval of reorganization plans."

Memorandum Re: Constitutionality of Provisions in Proposed Reorganization Bills Now Pending in Congress, reprinted in Senate Report No. 282, 81st Cong.; 1st Sess. 18–20 (1949) (Citations omitted; emphasis added).

Although the conclusion was limited to the use of the concurrent resolution, the underscored portions of the memorandum noted that "disapproval . . . by . . . either House" was not a legislative act and thus not constitutionally objectionable.

On the Report accompanying the Bill, the Senate Committee stated:

"It was determined that the most direct and effective way to eliminate the need for exemptions was to include an amendment providing that a simple resolution of disapproval by either the House or the Senate would be sufficient to reject and disapprove any reorganization plan submitted by the President.

"By reserving to either House the power to disapprove, Congress retains in itself the power to determine whether reorganization plans submitted to the Congress by the President shall become law. The power of disapproval reserved to each House by the bill does not delegate to either House the right to make revisions in the plans, but it will enable each House to prevent any such plan of which it disapproves from becoming law. The power thus reserved to each House seems essentially the same as that possessed by each House in the ordinary legislative process, in which process no new law or change in existing law can be made if either House does not favor it. No significant difference would seem to exist by reason of the fact that under the ordinary legislative process the unwillingness of either House to approve the making of new laws or a change in existing law is manifested by the negative act of refusing to register a favorable vote, whereas under the bill the unwillingness must be manifested by the affirmative act of the passage of a resolution of disapproval of a reorganization plan. The unessential character of this difference becomes even more apparent when regard is had to the stringent rule contained in the bill which makes impossible actions cal-

culated to delay or prevent consideration of resolutions of disapproval which have been favorably reported by the appropriate committee."

Senate Report No. 232, 81st Cong., 1st Sess. (1949).

Since the House version of the bill called for disapproval by concurrent resolution, the bills went to conference:

The Senate conferees stood solidly for retention of the provision for rejection by a simple majority vote of either House, which, had been included in the Senate bill, the conferees agreeing to a considerable broadening of the President's authority compared with previous reorganization acts.

As finally approved in conference, after an impasse which lasted for several weeks, the bill incorporated Senate proposals granting the President authority to propose the creation of new departments—a power which was not given to him under earlier acts—and eliminated all restrictive and limiting provisions, but incorporated the provision requiring that a reorganization plan submitted under the act would require the adoption of a resolution of disapproval by a majority of the authorized membership of either House. The Senate, in approving the original Senate bill, had made it clear that the granting of these additional powers to the President had been conditioncd upon retention of the provision permitting rejection of any plan by a simple majority vote of either House, and the concessions made by the conferees were approved only because they were necessary if any reorganization authority was to be granted to the President.

Senate Report No. 386, 85th Cong., 1st Sess. (1957).

The Act was discussed on the floor of the Senate at 95 Cong. Rec. 7785, 7827 & 7829 (1949) and in the House of Representatives at 95 Cong. Rec. 7838–39 & 7444–46 (1949). For an extensive discussion and analysis of the legislative history of the legislative veto provisions of the Reorganization Acts from 1932 to 1949, see *Ginnane, The Control of Federal Administration by Congressional Resolutions and Committees,* 66 Harv. L. Rev. 569 (1953).

In 1957, the Act was amended to permit disapproval by a simple majority of either House, rather than by majority of the authorized membership of either House, Public Law 85–286, 71 Stat. 611 (1957). In 1964, the President's power to create new Cabinet Executive Departments was eliminated from the Act, Public Law 88–351, 78 Stat. 240 (1964).

CONSTITUTIONALITY OF THE ONE-HOUSE VETO

As the foregoing legislative history suggests, the constitutionality of the one-House legislation veto mechanism embodied in the Reorganization Act of 1949 and in other statutes is virtually universally accepted. Although occasional arguments in opposition have been raised during floor debates, they have been resolved in favor of the constitutionality of the provisions, either expressly or implicitly, by all concerned legislative committees from 1945 to the present; by the Justice Department, when its opinion was requested; and by the votes of both Houses of the Congress, which are not inconsiderable since the Act has undergone successive extension in 1953, 1955, 1957, 1961, 1969 and 1971.

Reorganization plans submitted by the President more closely resemble proposed legislation, in form and substance, rather than Presidential actions or Executive orders. Legislation proposed to Congress cannot become law if either House votes "no". The effect of the Reorganization Acts have been similar, that is, no "plan" can become "effective" if either House votes "no". As the Senate Committee remarked in 1949, there is no significant difference between the negative act of refusing to register a favorable vote and the affirmative act of a resolution of disapproval.

As to the question of legislative encroachment on the powers of the President, it should be noted that the President arguably accepts the limitation on his delegated powers when he signs the Reorganization Act itself; he has the alternative of vetoing the Act. The power of legislation, including the power to reorganize the Executive branch, is vested by the Constitution in the Congress, U.S. Constitution, Art. I, Secs. 1 and 8. Congress has no obligation to delegate this power to the President, and the President has no obligation to accept the delegation. As the Justice Department pointed out in 1949, each Reorganization Act is a case of the Executive and the Congress acting in cooperation.

There are no court decisions dealing with the constitutionality of the provisions of the Reorganization Act of 1949 under discussion. However, in *Sibbach* v. *Wilson & Co.*, 312 U.S. 1 (1941), the Supreme Court did consider the validity of the analogous "waiting period" provided for the promulgation of the Federal Rules of Civil Procedure. In its discussion of this provision, the Court stated:

"The value of the reservation of the power to examine proposed rules, laws and regulations before they become effective is well understood by Congress. It is frequently, as here, employed to make sure that the action under the delegation squares with the Congressional purpose. That no adverse action was taken by Congress indicates, at least, that no transgression of legislative policy was found." (Footnotes omitted). 312 U.S. at 15–16.

In support of this position, the Court cited there analogies; (a) the organic acts of some of the territories, providing that laws passed by the territorial legislature prior to their admission to statehood would be valid unless Congress disapproved; (b) the provisions of the Act of March 3, 1933, for the laying over of reorganization orders before the Congress, (also known as a "waiting period" provisions); and (c) the Reorganization Act of 1939, which included provision for disapproval by concurrent resolution. (312 U.S. at 15 n. 17).

The holding in the *Sibbach* case does not apply directly to the one-House veto in the 1949 Reorganization Act, because the Court cited only those statutes which required disapproval by both Houses of the Congress. However, the rationale of the case appears to be that the absence of adverse congressional action implies that there is no transgression of legislative policy in a proposed rule, law or regulation. The one-House veto is consistent with this rationale, because it is an accurate method of recording the lack of congressional assent to a proposed change; it is accurate because *either* House can voice its objection readily and independently. In the case of reorganization plans, the failure of either House to register its disapproval is even stronger support for the inference that the plan under consideration does not transgress any legislative policy.

In the case of the proposed Foreign Military Sales and Assistance Act, the legislative veto would enable the Congress to review the proposed military sales and assure itself that it is consistent with Congressional policy.

Therefore, it may be asserted that the legislative veto is neither unconstitutional nor "extra-constitutional". The Act does not allow one House of the Congress to take legislative action binding on the President. It may be persuasively argued that the resolution of disapproval is not a legislative act; that there is no opportunity to amend, alter or delay the proposed plan. Rather, it is merely a reservation to the Congress of the power to examine the exercise of power delegated to the Executive. Congress presumably can be far more generous in amounts of authority which it delegates when the power of review is expressly retained; in the absence of a legislative veto, the Congress usually substitutes other, more stringent limitations on the subject matter and duration of the delegated powers.

Perhaps the best summary of the argument in favor of the legislative veto is contained in Professor Corwin's treatise on the Presidency:

"It is generally agreed that Congress, being free not to delegate power, is free to do so on certain stipulated conditions, as, for example, that the delegation shall terminate by a certain date or on the occurrence of a specified event: the end of a war, for instance. Why, then, should not one condition be that the delegation shall continue only as long as the two houses are of opinion that it is working beneficially? Furthermore; if the national legislative authority is free to delegate powers to the President, then why not to the two houses, either jointly or singly? And if the Secretary of Agriculture may be delegated powers the exercise of which is subject to a referendum vote of producers from time to time, as he may be, then why may not the two houses of Congress be similarly authorized to hold a referendum now and then as to the desirability of the President's continuing to exercise certain legislatively delegated powers?

"As we have seen, moreover, it is generally agreed that the maxim that the legislature may not *delegate* its powers signifies at the very least that the legislature may not *abdicate its powers.* Yet how, in view of the scope that legislative delegations take nowadays, is the line between *delegation* and *abdication* to be maintained? Only, I urge, by rendering the delegated powers recoverable without the consent of the delegate; and for this purpose the concurrent resolution seems to be an available mechanism, and the only one. To argue otherwise is to affront common sense."

Corwin, *The President: Office and Powers, 1787–1957* (4th rev. ed. 1957 (Footnotes omitted). (Emphasis in original.)

By serving as a limitation on the delegation of powers to the Executive branch, the legislative veto serves to strengthen rather than weaken the traditional separation of powers. Faced with a choice between legislating in excessive detail, on the one hand, and a major abdication of authority to the Executive on the other, the Congressional veto provides a practical middle course. In Corwin's phrase, what better way is there to maintain the line between *delegation* and *abdication* of legislative powers?

CONCLUSION

The legislative veto has become generally accepted on the theory that it is a reservation by the Congress of the power to approve or disapprove the exercise of a delegated power by an official of the Executive branch. This is a power which the Congress reserved to itself in the original law that delegated authority to the official.

In the light of the foregoing analysis, it would appear that the proposed amendment is constitutional. It closely parallels the analogous provisions of the Executive Reorganization Act, the constitutionality of which has not been challenged by the Executive branch. Moreover, the amendment would serve a useful function in assuring that the Congressional policy origination power is not abdicated to the Executive branch.

VINCENT E. TREACY,
Legislative Attorney.

EXHIBIT 11

[From the Washington Post, Aug. 11, 1974]

EXHIBIT OF UNCLE SAM, ARMS DEALER

(By Andrew Hamilton)

The Merchant of Death, that international arms salesman, was a sinister figure in the

public mythology of the last generation. His rattlesnake eye glinting, a dry rattle in his voice, he plotted to set nation against nation for the sake of profits and a certain perverse delight in destruction.

He was a melodramatic villian, a figment of between-the-wars romance, the old-fashioned European armaments king filtered through Eric Ambler and Graham Greene, but his place in the world was long ago usurped by anonymous bureaucrats. From whatever imaginary place he watches the world, his imaginary eye must be glinting again with cold pleasure, for his successors are making up in business volume what they lack in style.

The world arms trade is flourishing as never before, up 50 per cent since 1970. Vietnam and the Arab-Israeli wars account for only a part of this spurt. Of equal or greater significance is the fact that once poor nations of Asia, the Middle East and Latin America have become avid consumers of arms. And industrial nations, both Western and Communist, are racing each other for sales and the influence they are supposed to bring.

Conflicts are also flourishing, with more than a dozen wars, near-wars, border clashes and shattered truces in the last four years alone, not to mention numerous internal upheavals in which arms played a dominant role. These wars and revolutions not infrequently lead to new orders for military equipment. The United States sold or gave more than $2 billion in arms to Israel following last October's war, while the Soviet Union generously resupplied Egypt and Syria.

Governments which supply arms sometimes argue that there is a beneficial, even an altruistic side to the arms trade. Suppliers, they say, gain influence with recipients and thereby can promote the peaceful resolution of conflicts. In the grandiose words of the most recent report to Congress by the U.S. Defense Security Assistance Agency, "Security assistance is an instrument of national policy which, if put to full use, can effectively expedite the transition from the Cold War confrontation of the past to the generation of peace established by the United States as its goal for the future." Arms transfers, according to this statement, promote "cooperation and partnership" with recipients and are "conducive to restraint."

On July 15, spurred by a military government in Greece critically dependent on American military aid and political support, officers of the Greek Cypriot national guard deposed the president of Cyprus, Archbishop Makarios, and precipitated a continuing crisis. On July 20, Turkish troops in American uniforms and carrying American weapons invaded Cyprus from American-made aircraft, and helicopters and ships carrying American-made trucks and tanks. They were supported by a navy and air force equipped and armed by the United States.

When, next day, Greece began marshaling its American-equipped army aboard American-built landing craft for a counter-invasion, there was imminent danger of war between two nations whose military establishments were largely made in the U.S.A. While Washington did at last persuade the Greeks not to attack, it had failed to restrain either the coup against Makarios or the Turkish invasion.

Conflicts between nations with the same suppliers are becoming common. India and Pakistan fought each other with American equipment in 1971. In the Middle East, Israel, armed with American, British and French weapons, faces Arab nations armed with American, British and French weapons. The grip which the suppliers have on these clients is a tenuous one. And the more sources of supply a nation can draw upon, the less dependent it becomes on any one supplier, and the less subject it is to restraint.

LOTS OF COMPETITION

A new world arms market—a buyer's market—is taking shape. It grows out of the mixture of new wealth and old regional rivalries, and is fed by competition among more than a half-dozen suppliers of modern military equipment. These suppliers include the United States, the Soviet Union, England, France, West Germany, Poland, Czechoslovakia and Sweden.

This new market for arms is dominated by the United States, long the General Motors of the arms trade. In the past four years, foreign orders for U.S. military goods have approached $20 billion (not counting another $8 billion in giveaways, mostly to Israel and Vietnam). This adds up to more than the United States sold in the previous two decades, from 1950 to 1970. Orders for U.S. weapons in the last 12 months alone exceeded $8 billion.

Several striking aspects of these developments demand far closer scrutiny than they have received.

First, cash sales make up a high percentage of the new weapons trade. The U.S. share alone has been more than $13 billion since 1971. Much of the new wealth of developing nations is paying for non-productive military equipment at inflated prices at a time when more than a billion people face starvation because of inadequate food supply and distribution. The funds invested in weapons, if shifted to agriculture, would help alleviate the world food shortage.

Second, the sales have created new regional arms races, thus boosting demand for more arms and contributing to the risks of war—and of great power confrontation—in unstable areas like the Persian Gulf.

Third, the character of the sales has changed. No longer is the world arms trade limited to second-hand, obsolescent weapons. For the first time, the United States is selling its most advanced, most expensive and most highly classified conventional weaponry and electronics technology. Iran, the major customer, will get more weapons simultaneous with their delivery to U.S. forces, and has entered into co-production arrangements with certain U.S. arms manufacturers.

The United States is exporting weapons which could be used to deliver nuclear weapons over distances of several hundred miles, to nations, such as Israel and Iran, which are known to be capable of producing nuclear weapons in the next few years.

Fourth, the huge jump in U.S. arms exports affects the domestic economy and the Pentagon's own procurement programs. Besides improving the nation's balance of payments, the foreign orders now provide thousands of jobs in U.S. industry. In the past year they were roughly equivalent to a 40 percent increase in the Pentagon's weapons budgets. It is clear that such an increase in orders from American industry must affect the number of weapons the Pentagon buys, the rate at which it procures them, and the prices it pays.

There are important economic risks in this situation. Take, for example, the balance-of-payments question. In the short term, large foreign orders for weapons will improve the nation's trade balance. But the danger exists that the buyers, to pay for U.S. and other modern weapons, will be tempted to further increase raw material prices, which in the long run could wipe out any advantage from arms sales and intensify worldwide inflation.

Fifth, despite the diplomatic and economic risks involved, the key decisions behind the new rise in U.S. arms exports were made by President Nixon without consulting or even informing Congress.

THE LOOPHOLES

Underlying these developments is the gradual abandonment of previous U.S. efforts to impose restraint on regional arms races. Even in credit sales, where Congress has a hand in setting policy, restrictions on the volume and quality of weapons sales have been relaxed by amending the Foreign Military Sales Act. The annual credit ceiling is now more than twice as high as it was six years ago; cash sales in Africa and Latin America have been set free of the regional ceilings imposed in the act, and the regional credit ceiling for Latin America has doubled to $150 million a year.

In the Foreign Military Sales Act, enacted in 1968, Congress sought to curb the vigorous merchandising of Henry Kuss, the Pentagon's chief arms salesman in the 1960s, by setting credit limits and a general policy against the sale of sophisticated weapons to developing countries. But the act was riddled with loopholes. Chief among them was the lack of any provision covering cash sales to industrialized countries and nations such as Greece, Turkey, Iran, Korea and the Philippines. There was not even a requirement that Congress be notified in advance of such sales.

Since some of these nations have emerged as major customers, the loophole has turned out to be more important than the act. And the remaining bastions of restraint have slowly crumbled under the pressure of competition from Communist suppliers and from the nation's former cash customers in Western Europe, now significant arms suppliers in their own right. The restrictions on sales to Latin America, for example, were greatly relaxed after France sold sophisticated Mirage aircraft to four Latin governments in 1970–71.

Administration officials argue with seeming perverseness that the nation's basic policy on arms exports has not changed despite the huge jump in sales and radical change in that type of equipment on the market. "What has happened is not new or dramatic," said one official in a recent interview concerning exports to Iran, which, he observed, has long received large quantities of U.S. military aid. This view was echoed by Richard Violette, acting director for sales negotiations of the Defense Security Assistance Agency, and as such the Pentagon's chief arms salesman. Aside from adjustments approved by Congress, he said, "there really was no change in policy on paper." A third official, asserting that restraint is still the rule, declared, "We don't force our arms on anyone."

But in the face of the facts, the administration view seems little more than a semantic quibble. Call it a new approach or a new policy, the effects are the same. The recent sales add a startling and hitherto unsuspected dimension to the Nixon Doctrine, which urged allies to look after their own security.

THE NIXON ORDER

The nature of the change is illustrated by the key sales decision of the past three years. This was former Persident Nixon's order authorizing the formal offer of a long list of advanced weapons to Iran.

This 1973 order supplanted a decision by the Johnson administration, reported to Congress in 1968, limiting Iran to purchases of $600 million a year in American military equipment. It represented the first time that a large slice of the nation's most advanced conventional military technology was offered for sale to a foreign buyer (with the exception of occasional and limited offers to NATO allies). And, of course, it represented an entirely new stage in U.S.-Iranian relations. The decision was not communicated to Congress.

As a result of that decision, Iran is getting, among other things, the nation's most advanced attack helicopter, thousands of costly "smart" bombs and rockets, and the Navy's newest fighter, the Grumman F–14. Negotiations for Iranian purchase of the newest Air Force fighter, the costly F–15, are under way

and officials expect that a sale will be concluded. And the Shah has indicated a desire for other weapons still under development, such as the projected lightweight fighter. Indeed, it is not clear what limits have been imposed on the Shah shopping list.

"What," one senior official was asked, "if the Shah asked for the F–111 or the B–1, bomber," both long-range, offensive weapons.

"That would be a tough one," came the reply. "We would have to look at it very carefully."

Included in the purchase price for the new weapons is extensive training for Iranian users by U.S. military personnel. As a result, U.S. servicemen in Iran, exclusive of dependents, have more than tripled in the past year, to more than 1,100 men, mostly on temporary training duty.

The Shah is paying handsomely for all this. Iranian orders already exceed $5 billion—all cash—and are going higher. The price for 80 F–14s alone approaches $2 billion, or about $25 million a copy, including spares and training. This represents about a 40 per cent premium over the Navy's price.

Officials have indicated that the decision to sell to the Shah was hotly debated within the administration. The Shah already was the dominant power in the Persian Gulf, armed with F–4 Phantoms and other modern military equipment, and it was recognized that he has unresolved territorial claims in the area. (In February and March this year Iranian troops clashed with the armed forces of Iraq in a boundary quarrel.) On the other hand, some administration officials feared a Soviet move to dominate the oil-rich gulf.

The issue, it is said, was decided "at the highest level of government," meaning the President himself.

UNANSWERED QUESTIONS

Some pointed questions remain unanswered. What lay behind the decision to sell first-line technology? To what extent was this decision influenced by the Pentagon's own procurement troubles, exemplified by the 250 per cent jump in F–14 unit costs from 1969 to 1972, or by the political impact of declining employment in the U.S. aerospace industry?

Highly informed sources acknowledge that in the fall of 1971 the Pentagon's budget for fiscal 1972 and fiscal 1973 was increased in order to protect defense industry jobs and stretch out the impact of Vietnam disengagement. According to these sources, a boost in export sales was considered as one way of helping ease the impact on the defense industry of declining Pentagon orders.

How did the Shah learn of his opportunity to buy advanced U.S. weapons? According to formal policy, foreign governments initiate all requests to buy weapons, but the United States had never before offered such a range of weaponry for sale. What emboldened the Shah to ask? There were, as it develops, numerous opportunities in 1972 for intimate conversations between high ranking U.S. officials and the Shah.

Navy Secretary John Chaffee visited Tehran in January; Air Force Secretary Robert Seamans went in April. In May former President Nixon himself was in Tehran wtih Henry Kissinger. In July, then-roving ambassador John Connally was there. If they discussed arms sales—and it seems likely—who was the wooer and who the wooed?

What changed the administration's view of the Shah's ability to pay? The 1968 decision to limit sales to $600 million a year was based in part on an estimate of the Shah's financial capacity. The 1973 decision to sell a lot of costly new weapons came almost a year before the price of oil was raised.

To what extent were the economic and diplomatic risks of the decision given a serious appraisal? Former Defense Secretary Melvin R. Laird, who supported the decision at the time, has recently expressed equivocal feelings about the wisdom of an unrestrained arms supply policy in the Persian Gulf.

"While providing armaments to Third World countries may often be a positive short-term measure," Laird wrote this year in a foreword to a critical study entitled "Arms in the Persian Gulf" that "it must be accompanied by diplomatic activity so that massive military assistance and/or large weapons sales do not become a standard long-term policy."

The study was written by Dale R. Tahtinen, an associate of the American Enterprise Institute for Public Policy Research, which could be described as a conservative think-tank. Tahtinen, an expert on the arms balance in the Middle East is appalled by the Iranian supply decision.

He writes: "At this time, the military balance of power in the Persian Gulf leans heavily in Iran's favor, and the gap appears to be widening. This, however, does not decrease the likelihood of war. In fact, as the last two Arab-Israeli conflicts have demonstrated, the possession of highly sophisticated weapons by potential belligerents in explosive situations enhances the possibility that disagreements will be settled by fighting instead of diplomacy. Furthermore, with the advanced military hardware has come greater superpower involvement in the Gulf, and a concomitant increase in the danger of military confrontation between the United States and the Soviet Union" (which supplies Iran's rival, Iraq).

"This danger would reach a particularly high level if fighting were to erupt between the client states. Thus it seems imperative that the United States should review the pattern of its military policy in the Persian Gulf."

CONGRESS ALERTED

The Iranian decision was conceived and executed in secret. Its dimensions have become clear only in retrospect, and in piecemeal fashion. Congress, which was not consulted on the Iranian sales decision, only recently has begun to face its implications. The House Foreign Affairs Committee now is considering amendments to the Foreign Military Sales Act which could provide at least a modicum of restraint on future cash sale decisions. One, sponsored by Rep. Jonathan Bingham (D-N.Y.) would require the President to submit all sales of $25 million or more to a congressional veto; a similar amendment is being pressed in the Senate by Sen. Gaylord Nelson (D-Wis.). Such an amendment, if adopted, would close the loophole in the act through which cash sales can be made without consulting or notifying Congress.

But neither amendment attacks the root of the problem: a booming arms market, fed by rising raw materials revenues, and avidly courted by every arms manufacturer in the world. Unilateral gestures of restraint must be backed by international agreements among suppliers not to supply and among recipients not to buy.

There has been much repetitive talk about international restraint. The question of conventional arms limitation comes up annually at the Conference of the Committee on Disarmament, a 26-nation disarmament forum in Geneva acting under U.N. auspices. It has been an aspect of U.S.-Soviet discussions on the Middle East at least since 1967. But there has been no action in either case. Two international agreements with conventional arms control provisions—the Korean armistice agreements of 1953 and the Indochina ceasefire agreements of 1973—have been repeatedly breached.

Fresh approaches are required. One possibility is a serious attempt to achieve a NATO-wide agreement limiting competition to sell advanced military equipment. This would do much to alleviate the current rush to conclude advantageous deals with Arab states. But in the long run it will be necessary to include the Soviet Union and other Communist states in an agreement on conventional arms transfers.

"To me," said former Defense Secretary Laird in a recent interview in Forbes magazine, "the most important agreement that can be worked out in the next four or five years is to involve the Soviet Union, the United States and all other arms-producing countries to limit the sale and delivery of conventional military equipment into the Middle East, Southeast Asia, Latin America and Africa."

[From the Hartford Courant, Sept. 22, 1974]

EXHIBIT 12

UNITED STATES IS KINGPIN OF GLOBAL ARMS SELLING BOOM

(By James McCartney)

WASHINGTON.—The mushrooming U.S. arms business with foreign countries—which soared to an all-time record of $12 billion this year—is virtually running wild.

There are few controls over the business, which has more than doubled in the last year and multiplied eight times over since 1970.

Under a screen of official secrecy, key decisions by the Nixon-Ford Administration to sell arms abroad on a vast scale have been made without consulting either Congress or the public.

No overall monitoring system for arms sales exists within the government.

The result is that U.S.-built arms are pouring into the world's high tension areas, particularly the Middle East, but also into Asia, Latin America and Africa.

More and more countries—a total of 51—are getting more and better armaments, made in the U.S. And they are using them—for all practical purposes, any way they want—without significant restrictions.

Thus the U.S. is often providing arms to both sides in quarrels and, in effect, profiting from war.

Sen. Thomas F. Eagleton, D-Mo., has charged that laws designed to control the use of American-built arms have been "ignored or openly abridged."

Sen. Gaylord Nelson, D-Wis., has complained that "there is at present no practicable statutory requirement for reporting arms deals to Congress."

Philip Farley, former head of the U.S. Arms Control and Disarmament Agency, an expert on conventional armaments, was asked recently whether the U.S. exercises any effective controls over the sale and distribution of arms abroad.

Said Farley, succinctly: "None."

Congress in the next few days will attempt to write some new restrictions on the use of U.S. equipment, when it considers this year's foreign assistance bill.

But there has been no broad-scale debate on the overall impact of the rapidly expanding U.S. arms business abroad, and none appears imminent.

The foreign arms program has been promoted by the Nixon-Ford administrations as a tool to create "stability" around the world and a way to maintain America's trade balance.

But in recent years it has fueled regional arms races. Some tension areas have burst into war.

In the Indo-Pakistani war of 1971 both sides were equipped with U.S. arms. The same thing happened on Cyprus between Turks and Greeks this year.

In the Persian Gulf, perhaps the most tension-ridden area of the world today, the U.S. is selling billions of dollars worth of arms to potential enemies in Iran and Saudi Arabia—with no firm controls over how the arms may be used.

These powder-keg situations have at-

tracted the deep concern of some conservatives who have traditionally supported almost any kind of military program.

The Senate Appropriations Committee, headed by Sen. John McClellan, D-Ark., has warned officially that it is "particularly concerned that long-term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict."

The committee specifically singled out recent arms sales in the Middle East, Greece and Turkey.

Also concerned is former Defense Secretary Melvin R. Laird, who presided over the beginnings of the new races in conventional arms.

Laird has said that as far as he is concerned "the most important agreement that can be worked out in the next four or five years is to involve the Soviet Union, the U.S. and all other arms-producing countries to limit the sale and delivery of conventional military equipment into the Middle East, Southeast Asia, Latin America and Africa."

At the moment, this is an idle dream.

For although the U.S. has been engaged in extensive negotiations to try to control strategic arms, and to reduce military forces in Europe, there are no negotiations under way, or apparently contemplated, to control conventional arms.

Ironically, the Nixon-Ford Administration has argued that the public, and the world, should have no fear about government decisions to give nuclear materials and expertise to Egypt. Secretary of State Henry A. Kissinger has said that the U.S. has established "effective" controls to prevent misuse of the nuclear fuel.

But recent history suggests strongly that the U.S. has not been able to establish effective controls over the use of conventional military weapons distributed to other countries, which raises doubts about the effectiveness of the nuclear controls.

"Perhaps," says one arms control expert wryly, "we should learn to walk, before we try to run."

UNPRECEDENTED GROWTH

The U.S. military sales program has grown phenomenally in recent years—an unprecedented growth in U.S., or any other country's history.

According to Senate Foreign Relations Committee figures, cash and credit sales for 1974 will total about $8.6 billion.

That is more than double last year's $4 billion.

In 1970 the figure was less than $1 billion.

Pentagon officials suggested in interviews that the remarkable jump may be attributed largely to special situations in Israel, which needed material for war, and Iran, which has been permitted to purchase billions in a vast new program supported personally by former President Richard M. Nixon.

But an analysis for military sales between 1973 and 1974 shows that Israel and Iran were far from alone in increasing purchases of weapons from the U.S.

Argentina doubled its purchases; Brazil's were more than tripled.

Chile's quadrupled.

Purchases by Greece grew from $52 million to $434 million—a multiple of nine.

Jordan's purchases quadrupled and neighboring Kuwait's increased by 300 times. Saudi Arabia's grew from $60 million to $587 million, another multiple of nine.

Spain's tripled, Thailand's multiplied 10 times.

Not every country's military purchases increased, but that was clearly the trend, and the U.S. business has boomed as a result.

The degree of secrecy is best illustrated by the experience of Sen. Nelson who has fought for legislation to require the administration to tell Congress of any plans to permit the sale of more than $25 million to any one country.

Last June Nelson sought an estimate from the Pentagon of 1974 military sales and was given an estimate of $4.6 billion. By August the figure had risen to $8.5 billion, and he first learned of the growth as a result of a leak to a newspaper.

But a persistent and largely unanswered question is: Why have military sales grown so dramatically, and so widely?

According to careful congressional students of the programs, there is no question that the Pentagon in the Nixon-Ford administration has actively promoted the sales programs.

TACIT APPROVAL

And experts believe the sales have had the tacit approval of the State Department and the Treasury.

Most list several factors in the background, all relating to hard-sell activities by military contractors with close Pentagon and administration ties.

"The administration has been engaging in hard selling for economic purposes," says one. "Part of it was to take up some of the slack in military sales after the Vietnam war wound down.

"It involves jobs and unemployment. You could say that it is the military-industrial complex at work."

Another motivating factor has been the administration's desire to improve the so-called "balance of payments"—to try to cut down on overall U.S. trade deficits.

Says one official: "No one in Treasury is going to stand up and oppose military sales when they are the biggest thing we've got going to improve our balance of payments."

Almost any administration official who is asked will point out that both the French and the British are in the arms business. And the argument goes that if the U.S. didn't sell arms to those who want to buy, the French and British, or the Germans and the Russians will.

Economists say that both the French and the British arms industries depend on exports for their survival, and are strong competitors, particularly in the rich Middle East markets.

Oddly enough, former President Nixon and Kissinger have bragged often about negotiating a strategic arms control agreement with the Soviet Union in 1972.

But they have failed to get the British and the French, U.S. allies, to sit down and try to negotiate controls over the sale of conventional arms.

Thus today there are no effective controls over the mushrooming international arms business, in which the U.S. is the world leader.

Nor is the administration so much as talking about a need for them.

[From the Philadelphia Inquirer, Sept. 23, 1974]

ARMS SALES ABROAD SKIRT LAW'S CONTROL

(By James McCartney)

WASHINGTON.—On paper, and in theory, the U.S. government has a variety of ways to monitor and to control the use of billions of dollars in U.S. armaments sold or handed out around the world.

But, in fact, there is virtually no control, either sales or use of the arms.

A few months ago U.S.-built armored cars were used by Greeks in staging a coup on Cyprus.

Turkey then invaded the island, using fleets of U.S. planes and ships, U.S.-made uniforms, U.S. tanks.

The U.S. Foreign Assistance Act clearly declares that any country that uses U.S. equipment for purposes not intended by the act shall be "immediately" ineligible for further help.

And the act's purposes—clearly stated—are that arms should be used "solely for internal security" or "legitimate self defense."

But there was no move within the U.S. government to so much as study the question of who was obeying the law and who wasn't.

Secretary of State Henry Kissinger, more than a month after the Turkish invasion, said he couldn't foresee circumstances under which aid might be cut to Turkey, the major violator—and he acknowledged he hadn't looked into the legal requirements of the legislation.

POOR PROCEDURES

The situation is only one example of a lack of monitoring procedures within the government to control the use of U.S. military equipment distributed abroad.

A few years ago, this issue was not particularly important.

But today the U.S. has become the world's leading arms merchant, selling more than $8.6 billion in arms in the last year and giving away or lending another $3.4 billion.

The nation's leading arms salesman is Richard Violette, an energetic, affable man of 49, who makes his living as director of sales negotiations for the Pentagon's Defense Security Assistance Agency (DSAA).

In this job, Violette presided over the sale of about $7.5 billion in arms last year—far more than any other individual.

Violette, who says policy is made by the State Department not by him, views himself as simply a technician to see that arms are delivered.

He insists that no arms are sold unless the State Department approves.

That is the rule. But it's not what happens.

The agency at the State Department from which approval is supposed to come is the little-known Bureau of Politico-Military affairs.

PENTAGON MOVES

But an expert at State says that in reality, the Pentagon manages to get around the complicated regulations in about two-thirds of the cases—meaning that about $8 billion of the $12 billion in arms sold or given away is not effectively controlled by the Bureau.

"The other two thirds," he said, "we may not even know about at State. The Pentagon doesn't come over and ask us, 'Can we do this?'"

According to this expert, and to others who have studied the program carefully both from within and outside the administration, the Pentagon essentially runs the huge and growing U.S. arms sales program.

One former high official in the program, no longer with the government, says that the Pentagon receives "immense pressure" from suppliers of military materials to permit them to sell overseas.

"It is properly described as the military-industrial complex at work," says the former official. "All the pressures are to sell, sell, sell. And there aren't many restraints." Theoretically, the Politico-Military Affairs Bureau is to implement policy, and if there is any one group that can be assigned responsibility for setting policy in overseeing the burgeoning military sales program abroad, it would be the Security Assistance Program Review Committee (SAPRC).

This is an inter-agency committee currently headed by Carlyle E. Maw, former State Department legal adviser, who now is Under Secretary of State for Security Assistance.

The committee, which has representation from the Pentagon, the CIA and other major government agencies, makes an annual review of military sales programs.

The committee meets in secret and makes no public report, thus there is no way for an outsider to know whether it has ever

sought to establish ground rules or to slow down booming sales.

Insiders report, however, that the committee made no general policy review to approve the recent dramatic expansion of arms sales.

Nor did the SAPRC group specially approve the largest single armaments program fueling the current splurge in spending—a multibillion program in modern armaments for Iran.

PERSONAL FETISH?

Officials throughout the government say that the Iranian program, which could add up to more than $10 billion before it's over, was, for all practical purposes, a personal fetish of former President Nixon.

"The word came down a few years ago that Nixon didn't want any niggling complaints from the bureaucracy about anything that the Shah of Iran asked for," says one official, "and it's been that way ever since."

The probable reason for so little control over the huge sale of arms overseas is the feeling in the responsible agencies that the White House, Secretary Kissinger and the National Security Council want the arms sold because that helps the economy.

GRANTS LICENSES

One other government agency with functions related to monitoring arms sales is the Office of Munitions Control in the State Department, whose acting director is William Robinson, a retired colonel, formerly at the Pentagon.

The office grants licenses to private commercial operators who want to sell munitions abroad. But this kind of business accounts for a very small portion of the U.S. arms trade—about $360 million. Most of the business is handled in the Pentagon, on a government-to-government, rather than a private basis.

Sen. Frank Church (D., Idaho), a member of the Foreign Relations Committee and a long-time critic of foreign military aid programs, says flatly that "there are no controls" of the disbursement of U.S. arms.

"We pretend that we have agreements with governments that receive material . . . but again and again equipment has been misused and nothing was done about it."

Church scoffs at the idea that the State Department exercises any meaningful control at all.

"In all my years on the Foreign Relations Committee I have never known the State Department to take issue with the Pentagon on an arms program," he says.

"Guidelines and criteria aren't going to work in controlling the distribution of armaments," he says. "The only approach I can see that will work is to cut back drastically on arms programs—just cut them out."

Church believes U.S. arms are contributing to instability, rather than stability, in many parts of the world, and he fears that someday the flow of arms from the U.S. into the Persian Gulf area will be regarded as the prelude to disaster. Other senators also are trying to find ways to establish controls.

NELSON'S FIGHT

Sen. Gaylord Nelson (D., Wis.) has been waging a lonely fight to require the administration to report to Congress on any sale of arms to a single country of $25 million or more, or over $50 million in one year.

"As it stands now," says Nelson, "the executive branch of the government simply presents Congress and the public with accomplished facts."

"Sen. Thomas Eagleton (D., Mo.) has been campaigning for enforcement of the foreign assistance act—meaning in this instance cutting out military aid to Turkey for using U.S. weapons on Cyprus.

"We have just emerged from a trying period of American history," says Eagleton, "a period when laws were winked at and rationalized to fit the concepts of policymakers."

Citing an Aug. 19 statement by Secretary of State Kissinger that it would not be in the "U.S. interest" to terminate aid to Turkey, Eagleton said "it is always in the interests of the U.S. to assure that our laws are faithfully executed."

SMALL EFFORTS

These are small efforts, however, in a very large and complex field.

A basic problem is that, overall, the U.S. does not accept responsibility for the use of billions in arms it is producing and sending around the world.

Said one lawyer at the Pentagon who has helped to handle military sales: "What we are doing is pure insanity, and no one seems to care."

AMENDMENT NO. 1930

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

Mr. CHURCH. Mr. President, the extensive hearings of the Subcommittee on Multinational Corporations, which I chair, have focused public attention on the political hijacking of petroleum prices by the members of the Organization of Petroleum Exporting Countries. These countries, operating as a well-organized cartel, have shoved the prices of petroleum up fivefold in the space of a year and a half.

According to Mr. Walter Levy, a prominent petroleum analyst:

Even if import volumes in 1974 were no higher than in 1972, U.S. import costs (exclusive of transportation and related charges) would increase from just under $5 billion in 1972 to more than $20 billion in 1974; in Western Europe, from about $11 billion to more than $50 billion; in Japan, from under $4 billion to more than $16-billion. Oil import costs of developing countries would increase in about the same proportion. For example, India's f.o.b. import costs would rise from about $200 million in 1972 to about $1 billion in 1974.

The long run consequences of these actions to the U.S. economy and the economy of the West are beyond calculation. Inflation caused directly by the oil price increase is rampant throughout the industrial countries of the West. Inflationary pressures are further exacerbated by the printing of money to pay for imported oil, the only option left to many governments. The banking systems of the free world stand in great jeopardy because of their inability to digest the enormous flows of funds which have been set in motion. Unless there is an immediate and drastic change in this situation, we may very well face a worldwide depression.

As President Ford has said:

Sovereign nations cannot allow their policies to be dictated, or their fate decided by artificial rigging and distortion of world commodity markets.

Mr. President, when a man throws rocks at the windows of your house, you do not go out the front door and pass him more rocks to throw at you. Yet that is precisely what the pending Foreign Assistance Act of 1974 does. That act includes direct economic and military assistance and credit sales assistance to members of the Organization of Petroleum Exporting Countries in an amount in excess of $270 million. Included on the list of recipients are Indonesia, Venezuela, Iran, and Algeria. All three countries have been leaders in the effort to push prices up.

It is ridiculous that American taxpayers should pay outrageous prices for oil, watch their wealth being swiftly transferred to the hands of OPEC nations, and at the same time be asked to give those nations additional millions in "aid."

The time has come for American foreign policy to adjust to the new reality which is that the OPEC countries have decided to help themselves to most of the wealth of the West. It is inane for us to continue to give them money after they have made such a decision and successfully implemented it.

I, therefore, submit an amendment which would bar all further U.S. aid to those members of the Organization of Petroleum Exporting Countries, which are not cooperating with the worldwide effort to lower oil prices. This amendment would apply not only to the direct bilateral foreign assistance in those categories specified in the amendment, but also to loans made to these countries by the World Bank, the Inter-American Development Bank, and the Asian Bank. Under the terms of the amendment, the U.S. executive director of each Bank would be instructed to vote against any loan or other utilization of the funds of the bank to any OPEC country, unless the President has certified to the Congress, in writing, that such country is making a good faith effort to lower the world market price of petroleum.

In this connection, Mr. President, I ask unanimous consent that several tables, showing the amount that has been loaned to OPEC countries in recent years by each of these Banks, be printed in the RECORD, together with a table setting out the amount of new aid that would be given in fiscal year 1975 to the OPEC countries by the United States under our various bilateral assistance programs, should this amendment not be adopted.

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

Asian Development Bank approved loans to Indonesia 1968–73

($ Millions)

Indonesia	$110.86
1973	(41.22)

INTER-AMERICAN DEVELOPMENT BANK APPROVED LOAN TO ECUADOR AND VENEZUELA, 1971–73

[In thousands of dollars]

	1971	1972	1973	Totals
Ecuador	30,300	39,700	55,700	125,700
Venezuela	71,001	18,900	43,100	133,001
Total	101,301	58,600	98,800	258,701

Approved World Bank and IDA credits 1971–74 to OPEC countries

[In millions of dollars]

Gabon	$9.5
Algeria	182.0
Iran	414.5
Iraq	80.0
Nigeria	129.0
Indonesia	192.9
Ecuador	43.2
Venezuela	22.0
Total	1,073.1

Total bilateral economic and military assistance and credit sales to OPEC countries proposed for fiscal year 1975

[In thousands of dollars]

Algeria	$1,409
Gabon	530
Nigeria	6,133
Indonesia	221,369
Iran	1,569
Saudi Arabia	220
Ecuador	19,976
Venezuela	19,557
Total	270,763

Mr. CHURCH. Finally, Mr. President, I ask unanimous consent that the text of the amendment may appear in the RECORD following the publication of the tables.

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

AMENDMENT NO. 1930

On page 55, line 17, insert the following:

SEC. 3. Prohibitions Against Furnishing Assistance to Certain Oil Producing Exporting Countries.

(a) Section 620 of the Foreign Assistance Act of 1973 is amended by adding the following new subsection. (x.)

No assistance should be furnished under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954 or the Foreign Military Sales Act, to the following member countries of the Organization of Petroleum Exporting Countries (OPEC): Abu Dhabi, Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and Venezuela.

This restriction may be suspended with respect to any enumerated country when the President has certified to the Congress in writing that such country is making a good faith effort to lower the world market price of petroleum.

(b) The Inter-American Development Bank Act is amended by adding the following new section (23).

The Secretary of the Treasury shall instruct the United States Executive Director of the Bank to vote aganst any loan or other utilization of the funds of the Bank for the benefit of any country enumerated in Section 620 (x) of the Foreign Assistance Act of 1973, unless, under the provisions of that section, the President has certified the Congress in writing that such country is making good faith effort to lower the world market price of petroleum.

(c) The Asian Development Bank Act is amended by adding the following new section (20).

The Secretary of the Treasury shall instruct the United States Executive Director of the Asian Development Bank to vote against any loan or other utilization of the funds of the Bank for the benefit of any country enumerated in Section 620 (x) of the Foreign Assistance Act of 1973, unless, under the provisions of that section, the President has certified to the Congress in writing that such country is making a good faith effort to lower the world market price of petroleum.

(d) The International Development Association Act is amended by adding the following new section (14).

The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development and the International Development Association to vote against any loan or other utilization of the funds of the Bank and the Association for the benefit of any country enumerated in Section 620(x) of the Foreign Assistance Act of 1973, unless, under the provisions of that section, the President has certified to the Congress in writing that such country is making a good faith effort to lower the world market price of petroleum.

EMERGENCY MARINE FISHERIES PROTECTION ACT—S. 1988

AMENDMENT NO. 1931

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

Mr. GRAVEL submitted an amendment intended to be proposed by him to the bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENTS NOS. 1869 AND 1870

At the request of Mr. ABOUREZK, the Senator from California (Mr. TUNNEY) was added as a cosponsor of amendments Nos. 1869 and 1870, intended to be proposed to the bill (S. 3394), the Foreign Assistance Act of 1974.

NOTICE OF HEARING

Mr. ALLEN. Mr. President, the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry will hold a hearing Thursday, October 3, on S. 2728 and H.R. 11273, providing for the control of noxious weeds. The hearing will begin at 10 a.m. in room 324, Russell Office Building. Anyone wishing to testify should contact the committee clerk as soon as possible.

ADDITIONAL STATEMENTS

NELSON ROCKEFELLER SUPPORTED FOR VICE PRESIDENCY

Mr. RANDOLPH. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I delivered this morning before the Committee on Rules and Administration on the nomination of Nelson Rockefeller.

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

NELSON ROCKEFELLER SUPPORTED FOR VICE PRESIDENCY

Mr. Chairman, it is a privilege to counsel with the Members of the Rules Committee on the nomination of Nelson Rockefeller.

The selection of our nation's highest officers is a paramount challenge. In carrying out this duty there is one attribute of the nominee that must take precedence over all others: his qualifications to be President of the United States, should the need arise. I believe that Nelson Rockefeller meets this criterion.

I have known and worked with him for many years. Our personal and official association began in the early 1940's when Nelson Rockefeller, at President Roosevelt's request, established and headed the Office of the Coordinator of Inter-American Affairs. It continued while he was Assistant Secretary of State for Latin American Affairs.

His vigor, intelligence, and integrity are genuine. His career of dedicated public service has been varied and constructive. He has served at Federal and State levels. He has been involved with complex international affairs. For 15 years he administered the government of the people of New York State.

For the past 16 months, Governor Rockefeller has been Chairman of the National Commission on Water Quality. This body was established by the Federal Water Pollution Control Act Amendments of 1972. Its mandate is to review and assess our efforts in water pollution control and to recommend essential modifications to make the program more responsive to meeting our national goals. All of you understand the economic and health consequences of this work. I am a member of the Commission, and under Nelson Rockefeller's leadership it has moved forward energetically to provide the information and guidance required to fulfill our long-range commitment to clean water. Mr. Rockefeller's close personal involvement in this work is indicative of his dedication to realistic environmental improvement. As Chairman during its formative period he has given the Commission the momentum to execute its responsibilities.

Another area in which we have been working together is transportation. As Governor he addressed his efforts to the growing requirements for transportation in an urban society. His leadership has enabled New York to move forward in the difficult area of improving the mobility of people.

While he is an accomplished practitioner of the art of politics, Nelson Rockefeller has sought individuals for appointment to public positions on the basis of their abiilty regardless of party affiliation. In the decision-making process, he is ready to listen to advisers. I believe that Governor Rockefeller as Vice President would help President Ford in his efforts to attract able people to serve the governorment in these troubled times. His experience as an administrator is the ideal complement to the President's legislative background.

Nelson Rockefeller is a creative, resourceful and imaginative man. He has had many years of concerned experience in public affairs but his interests and his talents are not restricted.

But above all, I believe it is his compassion and the ability to translate concern into positive programs for action, that make Nelson Rockefeller uniquely qualified to be Vice President of the United States.

PEER GROUP REVIEW, AN EDUCATIONAL EXPERIENCE

Mr. BENNETT. Mr. President, I ask that a recent article which appeared in the Ohio State Medical Journal be printed in the RECORD as it has, I think, some relevance to the debate now going on in medical circles over the concept of professional standards review organizations.

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

PEER GROUP REVIEW, AN EDUCATIONAL EXPERIENCE

(By James K. Skipper, Ph.D.; Jack L. Mulligan, M.D.; Mohan L. Garg, ScD.; and Michael J. McNamara, M.D.)

Peer group review is one of the most important issues being debated in American medicine today. Welch has stated that the establishment of Professional Service Review Organizations (PSRO's) may make greater changes in the practice of medicine than any other piece of legislation in American history.[1] While this law is shrouded in controversy, many medical societies including the

Footnotes at end of article.

American Medical Association [2] and the Ohio State Medical Association [3] as well as many individual physicians have labeled it a "poor law" and called for its repeal. The American Association of Physicians and Surgeons maintains that PSRO's violate the First, Fifth, Seventh, and Ninth Amendments to the Constitution by destroying the privacy and confidentiality of the physician-patient relationship.[4] It has been said that it threatens the autonomy of the profession [5] and is degrading to physicians. Opponents maintain that it would be difficult to administer, would raise the cost of medical care, would create a massive bureaucracy, and would be susceptible to political manipulation.[6] Arguments have been presented that this law would cause either an over- or an under-utilization of services [7] and would take valuable physician time for direct patient care.[8] Finally, some believe that the PSRO legislation would stifle innovative behavior in medicine because physicians would strive to keep their practice within existing norms.[1]

Despite the widespread criticism of PSRO, few physicians oppose peer group review in principle. In fact, the medical profession has been engaged in such activities for some time. The opposition to PSRO appears to be based on the Federal Government's involvement, the punitive features of the law, and the assumed motivation behind its passage; namely, the reduction of spiraling costs of medical care rather than the improvement of its quality.

Nevertheless, one of the initial functions of the PSRO legislation has been to alert the medical profession to the presumed need for greater emphasis on the peer group review process. The suggestion has been made that the best way to live with the present law, is to work within existing systems as much as possible, especially in surveilling the quality of care in institutions.[8] Schless has further suggested that peer group review, which focuses on quality of care rather than just cost, may offer an educational challenge to physicians and be a valuable experience in continuing education. He writes:

"The educational chart audit in the community hospital almost ideally satisfies the requirements of this type of quality control. The process of setting pattern criteria and developing a data display of actual performance is in itself a valuable educational experience requiring specific responses of an educational nature in order to correct shortcomings and narrow the gap between the optimal model and actual performance." [9]

Despite the importance of and current controversy over the establishment of PSRO's, most undergraduate medical students at the Medical College of Ohio at Toledo had very little knowledge of this legislation. They were unaware of its implications for the quality of medical care, the cost, and the utilization of health services. They had not considered how this legislation was related to peer group review and record auditing. The few students who were familiar with the law were as suspicious of its ramifications as practicing physicians and for about the same reasons as described above.

Based on the assumptions that peer group review could be made a valuable learning experience and that medical audits might be a useful methodology for developing and improving diagnosis and treatment criteria, the study of PSRO and related materials was incorporated in the curriculum during a phase of the one-month clerkship in Community and Family Medicine at the Medical College of Ohio at Toledo. The students were provided with a reading list and seminars were conducted with faculty members in which PSRO's peer group review and medical audits were discussed from both theoretic and pragmatic viewpoints. Also, some students actually engaged in medical auditing as their Community Medicine project.

The points of departure for the audit projects were based primarily on the works of Brook and Appel [10] and Kessner, et al.[11] Brooks and Appel define five different methods of peer group review for evaluating quality of care. They are in terms of process (what a physician does on behalf of patient) and outcome (the results of the care given to a patient). Three of the methods are called implicit; that is, they are based on expert judgments or evaluations of: (1) process, (2) outcome, and (3) process and outcome. Two methods are called explicit. Criteria for (4) process, and (5) outcome are set in advance of evaluation by experts. In their study, Brooks and Appel reviewed the care of 296 patients with urinary tract infections, hypertension, or ulcerated gastric or duodenal lesions by all five methods. They discovered that: "Depending on the method, from 1.4 to 63.2 percent of patients were judged to have received adequate care. Judgments of process using explicit criteria yielded the fewest acceptable cases (1.4 percent)." [10]

Kessner, et al, using an explicit measure of process (the method Brooks and Appel found to most discriminate), developed what they term the tracer method of evaluating ambulatory care. The assumption of the tracer method is that:

". . . . how a physician or team of physicians routinely administers care for common ailments will be an indicator of the general quality of care and the efficacy of the system delivering that care." [11]

They suggest a set of six tracers to evaluate ambulatory care received by a cross-section of a population—middle ear infection and hearing loss, visual disorders, iron deficiency anemia, hypertension, urinary tract infections, and cervical cancer. As an illustration, they provide a minimal care plan for hypertension.

For four months, students were assigned half-time either to physicians in family practice in the community or to the associated hospitals' ambulatory clinics. The students' projects consisted of evaluating the care of patients by applying Kessner's minimal care for hypertension to what was recorded in physician's chart.

In the initial stages of study, the students had negative attitudes toward the PSRO legislation. During the seminars, they expressed the belief that audits would be costly and increase physicians' administrative time. They did not look forward to spending time conducting an audit themselves and were less than enthusiastic about what educational value it might have. While working on the projects, however, the students came to certain conclusions which affected their attitudes toward peer group review and resulted in changes in their professional behavior.

When the students compared the hypertensive minimal care plan standard, which itemizes content of history, physical, diagnostic studies, and treatment options with the content of patient charts, they discovered first, that the patient charts were generally inadequate. Full personal and social histories were omitted. Many times blood pressure was not recorded even in the case of consecutive visits of the same patients. In other cases, there was no mention of hypertension on the charts even though patient's diastolic blood pressure was consistently high. Second, the students found that patients in a clinic setting often have more than the one illness (hypertension). With the multiproblem patient they were hampered in trying to audit hypertension independently of other diseases due to the fact that test orders were listed on the charts without any correlation of test to problem. For example, there was no way to differentiate serum lipids when the patient had hypertension, diabetes, and arteriosclerotic heart disease. Finally, the students' audit revealed that the cost to the patient of various diagnostic tests and drugs prescribed for the treatment of hypertension was not taken into account. No positive correlation was found between the cost to the patient and the length of time until the patient's hypertension was brought under control.

The students' findings are interesting and may have some implications for the future development of technics and strategies for peer group review. How well these findings may have already been assimilated by the medical community is speculative. The significance of the students' work with peer group review, however, lies not with their research findings themselves but what was learned in the process of completing the audit and the effects it had on attitudes and behavior.

The students became aware of the importance of PSRO's in terms of their possible effects on the medical profession. They became more open minded about the legislation and were able to discuss rationally its pros and cons. One student, who was vehemently opposed to peer group review at the beginning of the clerkship, remarked shortly before the month was over: "I am still opposed to government interference in medicine, but I have to admit auditing practice is not all bad." Through the use of the audit project, the students learned something about the state of the art of evaluating the quality of medical care, the strengths and limitations of medical auditing, and the value of well-recorded, problem oriented records. Several students remarked that although they had been informed about problem-oriented records, it was only after the audit experience that they really were able to assess their importance.

Perhaps the most important behavioral change came in the area of record keeping. As the students progressed through their project and viewed the untidy and incomplete records kept on patient charts, their own record keeping on patients became more thorough and complete. In a student's own words:

"When I first reviewed patients' charts with an audit on my mind, I was shocked at how sloppy they were kept. It was hard to make anything out of them. Then I looked at my own notes and found they were in no better order. I decided right then that I was going to do all I could to make mine as readable and complete as possible, even if it meant I had to type them myself."

There is little doubt in our minds that the peer group review experience was educational and very meaningful to the students. We firmly believe that they are now more ready to devote time in the future to the whole spectrum of medical care evaluation, including their own practice. We speculate that the students' experience might be duplicated with practicing physicians. If physicians could become less resentful of government's initiative in establishing PSRO's and think less about the so-called punitive features of the law, and more about the opportunities for continuing education inherent in it, and the possibilities of making improvements in the delivery of health care, the results might be as positive as we found with undergraduate medical students. Granted, the students were in a situation supposedly structured so that learning may take place and changes in attitude and behavior occur. That is part of the socialization process expected in any professional school. We suggest, however, that it is not impossible for physicians at least part of the time to look upon medical practice as a learning situation. Is this not what the concept of continuing education is all about? It would seem that in this day and age in which society is placing greater and greater pressure on all professional groups to document their competence to practice and also to keep their skills cur-

Footnotes at end of article.

rent, it would behoove physicians to be leaders in evaluating the quality of their own services. To the extent to which PSRO legislation urges and/or demands action toward such ends, we highly recommend that physicians take advantage of its opportunities for educational advancement.

FOOTNOTES

[1] Welch C: Professional standards review organizations—problems and prospects. *N. Engl J Med* 289:291–295, 1973.

[2] Wording of new AMA policy on PSRO, *Am Med News*, Dec 10, 1973, p. 14.

[3] Ohio State Medical Assn: *OSMAGRAM*, Jan 18, 1974, p. 1.

[4] Heard JP: Should M.D.'s work for repeal of PSRO? *Am Med News*, Oct 27, 1973, p. 10.

[5] AAPS pledges continued campaign against PSRO, socialized medicine. *Am Med News*, Oct 22, 1973, p. 18.

[6] Somers AR: PSRO: friend or foe? *N Engl J Med* 289:321–322, 1973.

[7] Williamson J: Evaluating the quality of medical care. *N Engl J Med* 288:1352–1353, 1973.

[8] A reaction to AMA's PSRO stand. *Am Med News*, Dec 17, 1973, p. 4.

[9] Schless J: Peer review as an educational challenge. *JAMA* 1060, 1972.

[10] Brook R, Appel F: Quality-of-care assessment: choosing a method for peer group review. *N. Engl J Med* 288:1323–1329, 1973.

[11] Kessner D, Kalk C, Singer J: Assessing health quality—the case for tracers. *N Engl J Med* 288:189–194, 1973.

Mr. BENNETT. Mr. President, the authors are all members of the Department of Community and Family Medicine at the Medical College of Ohio at Toledo. They relate the experience of undergraduate medical students in carrying out a program of peer review modeled after that legislated in the PSRO amendment which I proposed.

Students who participated in the medical review program displayed a marked change of attitude, becoming more open-minded toward PSRO legislation. Their experience, the article says, might be duplicated with practicing physicians.

They point out that if physicians would display less concern with the Government's initiative in establishing the law, and more for the opportunities it affords for continuing education, the possibilities for improving our health care delivery system would be positively enhanced.

DAN JASPAN

Mr. McGEE. Mr. President, since April of 1956, up until a few short days ago, the National Association of Postal Supervisors has been represented in Washington, and especially here on the Hill, by a genuine and warm individual who ably represented the members of NAPS in all respects. I refer to Dan Jaspan, who has stepped aside after more than 18 years in the position of legislative representative and administrative vice president of the Postal Supervisors organization. Dan also has taken retirement from the U.S. Postal Service.

Back when he moved from Philadelphia to Washington to assume his duties for NAPS, Dan Jaspan wrote in the Postal Supervisor that it would be his policy to call things as they were. He said:

I feel that the supervisors are mature enough to face issues squarely and I don't think that you will want to hear only optimistic reports.

For more than 18 years, Dan did indeed call things as they were. He was of immense help to the Congress in aiding members to understand the problems of the people he represented. And those people benefited immensely from Dan's endeavors. Much credit is due to him, and as chairman of the Committee on Post Office and Civil Service, I want to salute Dan Jaspan on his retirement, both from his post with NAPS and from the Philadelphia Post Office. He and his wife, Belle, plan to remain in the Washington area and, I understand, undertake some well deserved travel and relaxation.

CHANGE OF ANNOUNCEMENT ON CALL OF THE ROLL

Mr. GRIFFIN. Mr. President, due to a printing error, Senators BELLMON, GOLDWATER and MATHIAS were incorrectly listed in yesterday's RECORD as absent on official business on quorum No. 420.

I ask unanimous consent that the permanent RECORD be changed to indicate that they were necessarily absent instead of absent on official business.

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

THE FRANCHISE GAME—IV

Mr. HARTKE. Mr. President, in the fourth in its series of articles on franchise swindles, the Chicago Tribune quotes Arthur Bailey, executive board member of the American Trial Lawyers Association, on the franchise problem:

The franchise concept has become so successful that many people cash in on the bonanza by selling completely phony nonexistent franchises. The company they claim to be from is a shell, and they walk away.

For the public to regain its confidence in franchises, the Congress needs to develop legislation that will regulate this new industry. As a first step, we should conduct hearings into the matter, using as a springboard my legislative proposal, S. 2467, which would require complete financial disclosure to prospective buyers.

I ask unanimous consent, Mr. President, to print the previously quoted article in the RECORD.

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

FRANCHISERS GET RICH ON FAILURES

When James Sanford, 24, and his 23-year-old wife Sherry paid $2,000 for five vending machines and 500 packets of cookies and candies, they thought they were buying a part of a large, diversified corporation.

The title implied it; the promotion stated it flatly.

Among other things, the Schaumburg couple were impressed by the "History of Vending" booklet that traced vending back to 50 B.C. And they liked the personal message from the president of Monroe Industries, Inc., and the picture of the president with his wife and two children.

But they didn't like the machines. "All five machines were completely inoperable," Sanford said.

Like thousands of other Americans each year, the Sanfords had crossed paths with the clever breed of men who promise a lot, deliver little, and are almost never prosecuted for their misdeeds.

Using the term franchising in its broadest sense, these are the men at the bottom of the heap. Or as Arthur Bailey, executive board member of the American Trial Lawyers Association and franchise law expert, puts it:

"The franchise concept has become so successful that many people cash in on the bonanza by selling completely phony nonexistent franchises. The company they claim to be from is a shell, and they walk away."

And thousands of Americans are left holding the bag, duped by an avalanche of salesmanship designed to hide the company's facile ability to slip into bankruptcy overnight.

"They'll always tell you, 'Look, I may be a bad businessman, but I'm no crook,'" said Margaret Kemp, assistant district attorney in San Mateo County, Cal. "And they'll say it with a straight face."

The truth is they thrive on convincing the prospective customer that their fly-by-night venture is as stable as the companies that have become household words.

Thus, while Budget Rent-A-Car will promise and deliver a nationwide reservation system, the flimsy vending company will lean on its phony affiliation with a brand name like Nabisco or Planters Peanuts, claiming the benefits of national advertising

When budget is helping its franchisee locate near airports, the vending company's "expert locater" will talk the owner of an out-of-the-way service station into letting the machine stand on his premises for a week or two.

But it never got even that far with the Sanfords. No one ever came to locate their machines at all. Their faith was rekindled a little when a repairman came to look at the machines, but it died quickly.

"He couldn't get the machines working," Sanford said. "They looked like they had been used or junked in the past."

Variations on their story were repeated thruout the country hundreds of times before Monroe Industries died in a bankruptcy court in Louisiana. Officials estimate that in the seven months before the bankruptcy, $1.3 million was poured into the company by 400 investors.

"I have been able to find only one of the 140 people I represent"—said Charles Smith, an attorney who filed a civil suit against the company—"who can assert that he actually got one of his machines to work."

Unofficially, Louisiana prosecutors thought they had the operation figured out.

On the surface, the scheme looks like it was a well-intended business venture that went sour," said a prosecutor who refused to be identified. "When you get close to the facts, you begin to wonder if it wasn't planned that way, to make it look like an honest attempt went awry, when in fact it was a calculated fraud from the beginning."

But fraud is a crime, and the hard fact is that these clever men seldom face criminal charges. Tho mail fraud is the most common tool used against the franchise con men, postal inspectors can point to only 80 indictments and 38 convictions thruout the nation in the last three years.

These figures are based on 392 investigations that ended in 161 franchising and distributorship schemes going out of business or declaring bankruptcy.

Lawyers quicky point out that "intent" is the legal key to proving fraud, and many of these men are adept enough or lucky enough to deliver just enough of their promises to prove, from a legal standpoint, that they were trying to do the right thing.

But sometimes they slip up.

A Des Plaines-based corporation apparently didn't keep enough of its promises, and postal inspectors swooped down on their nationwide operation.

The federal agents were able to indict four officers of the company, which sometimes

called itself the House of Colognes and sometimes the Thomas Company.

Two of the officers eventually were sent to prison, and two others remain on probation.

But by the time the indictments came—in Minnesota in April, 1973—the company had left a string of victims across the country. In 19 months, according to the postal inspectors' estimate, the company made $614,000.

At least one franchise sale even came after the indictment—one day after. Mrs. Jean Livingston of McKeesport, Pa., remembers it well.

She paid $2,500 for a shot at that dream, a chance to distribute the "variety" of perfumes and colognes the company had put in small bottles for display racks. But before she invested, she called the company's bank and the Des Plaines Chamber of Commerce.

"Everyone, to a man, had nothing but praise for the company," she said. "They couldn't tell me enough about the way it had grown so rapidly."

Tho she thought she had joined a large corporation, she actually had become involved in a scheme to rebottle name-brand perfumes. While the Thomas Company continued to sell distributorships, its source was cut off in Florida when the name perfume companies filed suit.

Meanwhile, the company salesmen used an astonishing array of tools to convince everyone that the firm was flying high.

"He [a salesman] told me that the stuff was selling so fast they were letting retarded children peddle it in a one-block commercial district in Florida, and they were making a bundle," said Robert Spaete of Maquoketa, Iowa, recalling what prompted him to invest $5,000.

Later the investors learned that the long list of references the salesmen handed out often listed themselves—an act that led to one count of the indictment. They also listed the names of references with business ties to the firm.

Herschell Lewis, for example, was prominent on the list. And Lewis, himself a veteran of several questionable franchise schemes, was handling the company's advertising from his Wrigley Building offices.

The Thomas Company is typical of the shaky firms that draw their victims from all over the country. Seldom do they stack up too many buyers in one area and risk the heat of law enforcement.

There were 145 persons in the Chicago area, however, who can talk about an exception—Consolidated Chemical Company of Houston. That company's representative breezed thru Chicagoland between March and July, 1972, recruited the 145 for vending-route deals, and took out half a million dollars in sales.

Then the company declared bankruptcy. But by the time a tax lien was enforced against the company, there were no assets left.

Only last month did the Federal Trade Commission get around to signing a consent order in which the defunct firm and its former officers are prohibited from using deceptive practices in franchise sales.

The order was two years too late for Tom Matz, 28, who has 20 vending-machine cases of dried coffee, soup, and tea stacked in his garage to show for his $3,316.80 investment.

Matz first read about the company in a newspaper ad and then agreed to talk to the company's salesman one evening.

"I wanted my son to think it over, but the salesman said he would have to leave and couldn't come back again to make the offer," said Mrs. Veronica Matz, 59. "I said the bank was closed, but he [the salesman] knew it was open on Friday nights."

Matz gave in and went to the bank for the money. Then he waited in vain for the "locater" to come and help him find the right places for his vending machines.

No locater ever came, and the machines never left his garage.

Now Matz and his mother make the best they can out of a bad investment—occasionally they have the coffee and soup with their meals.

The bankruptcy all but removed any hopes of getting back their money.

At the very least a declaration of bankruptcy ties the company's tangled affairs into a neat bundle that prosecutors and creditors can inspect. Some companies prefer to avoid even that and just disappear.

The M. Gordon Companies, tho headquartered in suburban Northlake, almost always dealt with people from out of town. K. Walker Lindsay of Harbert, Mich., bought a $3,000 distributorship for their line of security products.

"They had a tremendous sales talk about their research and how well they were set up in other places," he said. "It looked good."

Lindsay, a 52-year-old retired Air Force lieutenant colonel, thought the company had a huge warehouse full of material in Chicago because they assured him that was true. When his first supplies were late, he surprised them by coming to Chicago to find out why.

"I had a heck of a time finding the place," he remembered. "I finally found to my chagrin that it was the back end of a warehouse. They had leased strictly warehouse space.

"It looked like the set of an Al Capone movie."

IS REVENUE SHARING IN TROUBLE?—YES, NO, AND MAYBE

Mr. BROCK. Mr. President, there appears to be a question arising regarding revenue sharing. Is it in trouble? According to articles by three very distinguished gentlemen who should know, the answer is—"yes," "no," and "maybe." The gentlemen representing the various views are David S. Broder, Charls E. Walker, and EDMUND S. MUSKIE, representing the "yes," "no," and "maybe" views respectively. In my opinion revenue sharing, more accurately the State and Local Fiscal Assistance Act of 1972, is one of the most important pieces of legislation that Congress has ever passed. Revenue sharing is supported virtually 100 percent by those concerned—the State and local officials—and any suggestion that the program might be in trouble should be carefully examined. I would like to have these three articles reprinted in the RECORD, but before that, considering the importance of the program and the importance of the three authors, I would like to make a few comments on each.

David Broder opened the debate in an article of May 29, 1974, entitled "The Future of Revenue Sharing." Citing a recent poll of Representatives, he came to the conclusion that "yes," revenue sharing was in trouble. He felt that when the act came up for renewal in the next, 94th Congress, that the Democrats might make a major push to terminate general revenue sharing, or to tie it more tightly to Federal priority programs. In a "Taking Exception" article by Charls Walker entitled "Permanent Revenue Sharing," he dismissed this conclusion because he reminded us that "the first point to understand is that Congress did 'not' pass revenue sharing because it wanted to." In other words, whether you have a Democratic controlled Congress or not, Congress will be forced into renewing the program. Mr. Walker thus concluded that "no," revenue sharing was not in trouble.

Then, just recently, my distinguished colleague from Maine, Senator ED MUSKIE, wrote an article on "Saving Revenue Sharing" with the tone that "maybe" revenue sharing was in trouble, because:

> Despite its long-standing promise that general revenue sharing would be new money, the Administration some time ago launched an all out attack on the budgets of numerous Federal social programs.

The obvious question arises, "Who is right?" And, the answer is, of course, they all are to a certain extent. First, we should realize that they are all very knowledgeable about the program. David Broder is one of America's foremost journalists, and has a longstanding interest in revenue sharing and the concept of the New Federalism. Charls Walker is an ex-Deputy Secretary of the Treasury, and was given the task in the spring of 1969 to start developing the program that eventually became revenue sharing. And, Senator MUSKIE is chairman of the Intergovernmental Relations Subcommittee, which has oversight authority of revenue sharing. All three are more than just casual observers of the scene, and thus their views are important. Returning to the more substantive response to who is right, I think that Dave Broder is too pessimistic, Charls Walker too optimistic, and Senator MUSKIE close to why revenue sharing is in trouble, while yet showing why it should not be in trouble.

I think that Charls Walker's point that Congress was forced to enact revenue sharing because the people wanted it is valid. Thus, revenue sharing will not be terminated as Dave Broder suggests. However, the latter's other point, that it might be tied more "tightly to Federal priority programs," is, in my opinion, very valid, and Charls Walker's optimism does not properly respond to this point. Why there might be "tighter" control is the theme of Senator MUSKIE's article. His point is that revenue sharing is in trouble because it cut into categorical grants. The point is well taken, but the reverse could be said, that is, categorical grants cut into revenue sharing. But, this gets into the argument about which is better, Great Society type categorical grants or New Federalism revenue sharing programs, and in some respect it could be mixing apples and oranges. Why can't you support both? Revenue sharing was introduced to help State and local governments use the money as they saw fit with as little red-tape from Washington as possible. Categorical grants are based on the assumption that Washington knows best, and only they can direct. In some areas, categorical grants might have validity, but not in others. Thus, you could support both programs. I personally would rather see more revenue sharing type programs, but I would not rule out both kinds of programs. However, it is my fear that, while revenue sharing will be extended "in name," it will be cate-

gorical grants "in fact," just the antithesis of revenue sharing. This has prompted Senators BAKER and COOK and I to introduce a bill, S. 3903, to extend revenue sharing now. I wholeheartedly recommend that those who support revenue sharing read these three articles very carefully, and make their own judgement. Mr. President, I ask unanimous consent that the three articles be printed in the RECORD.

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

[From the Washington Post, May 29, 1974]

THE FUTURE OF REVENUE SHARING

(By David S. Broder)

If passage of general revenue sharing was, as many believe, the landmark achievement in the domestic record of the first Nixon administration, then repeal or drastic revision of that legislation may be the second-term result of Mr. Nixon's Watergate problems.

The possibility is clearly implied by the first systematic survey of current congressional attitudes toward revenue-sharing. It was published with a minimum of fanfare last month by the Intergovernmental Relations Subcommittee of the House Government Operations Committee.

The report written by the staff of Rep. L. H. Fountain's (D-N.C.) panel is relentlessly neutral in tone, and avoids raising any questions about the future of the five-year, $30 billion program of unrestricted grants to state and local governments.

But the replies from almost 40 per cent of the House and Senate members appear ominous for this keystone of Mr. Nixon's "New Federalism" program.

They imply that if the Democrats enjoy the mid-term election victory this November that many of them now predict, it may be a close question whether revenue-sharing is continued in anything like its present form.

That will, no doubt, come as a surprise, for there certainly has been no indication that revenue-sharing would be much of an issue in this year's campaign.

In its third year of life, the subsidy program which has been welcomed as manna from heaven by most of the 33,000 recipient governments is assumed by many to be a permanent part of the federal fiscal system.

While many believe that Congress would not dare turn off the revenue-sharing tap, such scholars of the Federal system as Harvard's Samuel Beer argue that passage of general revenue-sharing was possible only under the peculiar circumstances of 1972—a divided government, with neither party united on priority domestic goals of its own—and that its continuance is at least problematical.

That is what makes the findings of the Fountain sub-committee survey so ominous for those who would like to see this experiment in fiscal decentralization given a real crack at proving itself.

Overall, the survey of 97 Republicans and 109 Democrats shows approval for the uses and administration of revenue-sharing funds so far. But while Republicans are heavily supportive, Democrats tend to be skeptical.

For example, when asked if they thought it desirable or not that revenue-sharing funds were being used in many instances to stabilize or reduce local taxes, Democrats, by a 46-to-37 per cent margin, said "undesirable."

By a 42-to-38 per cent margin, the Democrats agreed with the statement that revenue-sharing money is spread too thinly among the recipient units of government. Only 6 per cent of the Democrats thought general revenue-sharing plays too small a part in the present mix of federal aid, but 36 per cent said its role is too large.

By 41 to 35 per cent, the Democrats say that if Congress extend revenue-sharing, they would favor restricting state use of funds to high priority purposes specified by the Federal government. By a wider margin, they would oppose ending the current modest restrictions on the use of the money by local governments.

On all these questions, congressional Republicans who responded to the inquiry took sharply opposing views.

What this suggests is that if the Democrats are greatly augmented in numbers in the November election, a major push to terminate general revenue-sharing or to tie it more tightly to federal priority programs may be expected in the next Congress.

This is an issue that is important enough to be debated in congressional campaigns across the country this fall. It is not a decision that should be made without debate. The Fountain subcommittee has given friends of revenue-sharing adequate warning to be on their toes.

[From the Washington Post, June 20, 1974]

"PERMANENT" REVENUE SHARING

(By Charls E. Walker)

David Broder's outstanding reputation for accuracy in reporting and analysis is so well-deserved that one takes pen in hand only reluctantly to challenge his recently stated conclusions (May 29) regarding a House subcommittee survey of congressional attitudes on general revenue sharing. Broder concludes from the survey that reevnue sharing is in trouble.

But, as the former Nixon administration official who was asked by the President in the spring of 1969 to start developing the administration proposal (which was sent up in August of that year); as one who said from the start that revenue sharing would pass the Congress sooner rather than later; and as the Treasury official who had primary responsibility for "lobbying" the legislation through in 1972, I think I can rightfully say that I understood the forces at work which led to original passage, and have some credibility in analyzing the results of the subcommittee survey. After having done so, I am much more optimistic than Broder about the possibility of permanent and growing general revenue sharing in the United States.

The first point to understand is that Congress did not pass revenue sharing because it wanted to. To bear the onus of taxing without the direct benefits of the spending that taxes make possible is anathema to many a politician—and especially when some of his potential opponents (translation: mayors, governors and county officials) get the primary credit for how the money is spent.

Nor do I believe Harvard professor Samuel Beer to be correct in arguing (according to Broder) that "general revenue sharing was possible only under the peculiar circumstances of 1972—a divided government, with neither party united on priority domestic goals of its own . . ." To the contrary, general revenue sharing passed for two reasons: (1) the grass-roots support of state and local officials, which the administration carefully nurtured and built in 1969–71; and (2) it's not all that hard to give away $30 billion.

Nor are the figures in the committee poll convincing when closely reviewed. By the rather slim margin of 42 to 38 percent, Democrats agreed with the statement that revenue-sharing money is spread too thinly—only to vote in the next breath that its role is too large. That seems to me almost like preaching that the world is flat and round at the same time.

In addition, Broder missed an important point when he failed to note that the shelving of the Select House Committee's proposals for re-structuring committees, which would have shifted revenue sharing from Ways and Means to Government Operations, is a plus for continuation of the program. Not that the latter committee would necessarily have been unsympathetic to extending revenue sharing; maybe so, maybe not. Rather the important point is that Ways and Means lived, breathed and slept with revenue sharing for much of the summer of 1972, and its members have been understanding (partly as a result of countless computer runs) of the intricacies of the program.

Having said all this, however, I must strongly commend Broder for highlighting the issue now, several months in advance of the 1974 elections. He is right on the beam when he states that revenue sharing "is important enough to be debated in congressional campaigns across the country this fall," and that the subcommittee survey "has given friends of revenue sharing adequate warning to be on their toes."

The passage of revenue sharing in 1972 had its immediate political roots in the mid-term elections of 1970, in which (not accidentally) it was a major issue. And if the governors, mayors and county officials are "on their toes," it will be an issue again this fall. Early and effective work on their part can assure a majority in favor of extending revenue sharing—with few "strings" and perhaps on a permanent basis—even before the 94th Congress convenes next January, regardless of its political make-up.

[From the Washington Post, Aug. 29, 1974]

SAVING REVENUE SHARING

(By Edmund S. Muskie)

Less than two years ago, the passage of general revenue sharing was hailed as the cornerstone of a "New American Revolution"—the beginning of the end of three decades of ever-increasing power in the hands of the federal government.

As one of the original promoters of this concept in Congress, I share the assessment that revenue sharing is a revolutionary step, of potentially great importance to the health of our federal system of government. And I believe that we all have a stake in making it work.

I am concerned, therefore, that this program—which dispenses some $6 billion a year in federal revenues to more than 38,000 units of government throughout the nation—is now in political trouble. It has been undercut by its most ardent supporter—the administration itself.

Despite its long-standing promise that general revenue sharing would be new money, the administration some time ago launched an all-out attack on the budgets of numerous federal social programs—making that promise meaningless. As a result of massive cutbacks in existing programs, revenue sharing can no longer be considered additional relief for financially strapped state and local governments. Instead, it has come to be judged—particularly by its liberal critics—as a substitute for existing federal programs, and an inadequate one at that.

To be sure, there are other problems with general revenue sharing, not the least of which is the formula created by Congress which provides money to more than 38,000 jurisdictions, some of which have neither demonstrated a need nor provided a use for it. In the spirit of compromise necessary to secure passage of the act, the program was transformed into a streamlined form of federal aid to virtually every local government in the nation—regardless of size, function or relative need.

Today, the failure of the allocation formula to insure that those with the greatest need receive the greatest assistance has left ample room for the criticism that revenue sharing means an abdication of our national commitment to alleviate the social ills of poverty, ignorance and disease.

A formula, however, is primarily a technical matter. It is not easy to find the proper one, but we can certainly improve upon the one we have. This and other problems with

the actual implementation of revenue sharing make the program vulnerable to criticism, but these are problems that can be corrected. What cannot be corrected so easily is the highly publicized context in which revenue sharing has come to be judged. As happened so often in the Nixon administration, a widely supported federal program was turned into a political tool. The result was a serious threat to revenue sharing's continued existence. The new Ford administration has a chance to recoup those losses and regain the bipartisan support revenue sharing enjoyed in Congress two years ago. This is no small task.

In recent months, the pace of criticism of general revenue sharing has stepped up considerably, and it has become increasingly clear that changes are going to have to be made. Accordingly, early this summer, the Senate Subcommittee on Intergovernmental Relations began a series of hearings on general revenue sharing—the first such major review since the program's enactment. As a long-time supporter of the program; I felt it imperative that we begin now to examine carefully and dispassionately both its strengths and its shortcomings, in order to focus attention on the steps that must be taken in the next year to insure its continuation.

The testimony we heard was mixed, indeed. From those officials most closely involved with the program—governors, mayors and county executives—we heard enthusiastic praise. But from representatives of civil rights groups we heard serious charges of racial discrimination in the use of revenue-sharing funds. And from citizens' groups we heard of their frustrated attempts to use revenue sharing as a lever to gain more impact on budget-making at the local level. As for the accomplishments, the news was even more mixed. Revenue sharing has helped hold down taxes at the state and local level, but has had little or no impact on efforts to make those taxes more progressive or efficient. Nor has it significantly alleviated the financial pinch for many of our nation's largest cities.

These problems are serious, indeed. If revenue sharing is to survive beyond its first five years, as I believe it should, we must set about finding solutions to them—today, not six months before the program is to expire.

Revenue sharing as a concept deserves the continuing support and cooperation of Congress. Five steps seem in order:

We must make a full-faith effort to improve upon its present administration, not kill it as its harshest critics suggest.

We must modify the formula used to distribute funds so that those with the greatest need receive the most help.

We must insist that revenue sharing be not only a buffer against higher taxes, but a catalyst for fairer taxes as well.

We must insure that revenue sharing does not become a tool for the perpetuation of discrimination, which would happen if safeguards already in the law were enforced more stringently.

Finally, we must reaffirm our original intent that revenue sharing should be an aid, not a substitute, in the battle of the fiscal stability in communities crippled by demands on local revenues that are rapidly outstripping revenues themselves.

CONGRESSMAN ORVAL HANSEN: A PROFILE IN COURAGE

Mr. CHURCH. Mr. President, recently there has been distributed in Idaho an attack against me which has been mounted by members of the John Birch Society.

While the subject of that attack is not the purpose of these remarks, it is relevant that when this attack began circulating, my Republican colleague from Idaho's Second Congressional District, Representative ORVAL HANSEN, rose on the floor of the House and condemned smear tactics of the sort being employed against me. Two weeks later, Congressman HANSEN was defeated by his opponent in Idaho's primary election.

I will never know whether or not ORVAL HANSEN's defense of me contributed to his defeat in the Republican primary, although it is my earnest hope that it did not. In any case, I admire him for choosing to take a stand for political decency in Idaho when the easy course would have been to remain silent.

The Lewiston Tribune, one of Idaho's leading newspapers, wrote an editorial on this matter. Tribune Editor Bill Hall wrote:

Orval Hansen knows that silence can be a lie. He has far less responsibility in the matter than the candidates keeping their silence, but he feels a responsibility to himself, to his party and to the cause of keeping Idaho politics clean.

I wish, at this time, to extend publicly my gratitude and my thanks to a man who has served the State of Idaho with distinction, integrity, and courage.

I ask unanimous consent, Mr. President, that the Tribune's editorial be printed in the RECORD.

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

A PROFILE IN COURAGE

(NOTE.—I deplore the tactics that are being used by that organization (the John Birch Society) through the publication and circulation in Idaho of thousands of copies of an article that attempts to picture Senator Church as pro-Communist . . . I disagree with Frank Church on many public issues. Our differences are often wide and fundamental. But I have great respect for him as a man and as a friend and I know him to be a loyal and patriotic American . . . There is no place in politics for tactics such as this. I would hope that all candidates and their supporters will rise up and repudiate attempts such as this by outside forces to interfere in and try to influence the outcome of an Idaho election.—Congressman ORVAL HANSEN.)

Idaho Sen. Frank Church is a Democrat. Idaho's Second District Congressman Orval Hansen is a Republican—a Republican engaged in a sharply contested primary campaign for re-election against former GOP Congressman George Hansen.

The John Birch Society has published and caused to be circulated in Idaho a smear charging that Democrat Church is "pro-Communist." Silence would have been the safer course for Orval Hansen. He could have followed the customary cowardly line of too many conventional politicians and decided that, although he knows the charges against Church are untrue, discretion would be the better part of valor for a Republican fighting for renomination. He could have kept quiet and wouldn't have lost a vote. By speaking out in defense of a Democrat's good name, in the middle of an election, Orval Hansen risks losing votes.

Why then would he stick his neck out?

The answer is simple. Orval Hansen is now and always has been one of the most decent people in Idaho politics. Decent people don't know any other way to operate.

Orval Hansen is a protege of former Sen. Len B. Jordan. In this era of political dirty tricks, it is instructive to remember that Idaho has known finer moments. In the late 1940s and early 1950s, Idaho experienced an era of exceptionally clean politics at the top of the ticket. The late Gov. C. A. Robins was one of that era's sponsors. Jordan and his Democratic opponent for the governorship, Calvin Wright, campaigned so cleanly against each other that they have remained good friends. Jordan still jokes that he isn't sure he voted for the right candidate when he voted for himself.

Orval Hansen is a graduate of that period in Idaho politics. He is a student of men like Robins and Jordan who believed that a candidate must never descend to the gutter and that each party was in charge of keeping its own house in order when its zealots went too far.

That is why Orval Hansen took the floor of the U.S. House last Friday and repudiated the smear against a Democratic senator. He doesn't know how to keep silent on such matters. He cares more about being able to look himself in the eye when he shaves in the morning than about getting re-elected. Unlike the right-wing candidates in Idaho this year who are playing dumb on their responsibility to keep smears out of this state, Orval Hansen knows that silence can be a lie. He has far less responsibility in the matter than the candidates keeping their silence, but he feels a responsibility to himself, to his party and to the cause of keeping Idaho politics clean.

It is wise to keep our perspective in these times and remember that it really is true that Watergate proves nothing base about Republicans in general. But it proves that point and drives it home to have the decent example of a man with as much integrity and courage as Orval Hansen, Republican of Idaho.—B. H.

MILITARY INFLUENCE IN THE WHITE HOUSE

Mr. PROXMIRE. Mr. President, the recent trend at the White House to rely ever more heavily upon military advice and personnel could lead to serious long-term consequences.

Gen. Alexander Haig's service as Chief of Staff of the White House was only the most apparent abuse of the formerly held principle of separation of military career and politics.

As of the end of last year, at least 14 military personnel were serving the White House at various posts. The list included Col. Dana G. Mead, who was associate Director of the Domestic Council, and Maj. George A. Joulwan as aide to General Haig.

What are these military men doing at the White House carrying on civilian functions and having duties that have nothing to do with their military training? And why do these men inevitably end up with early promotions?

As a case in point, I have been informed that Marine Corps Lieutenant Colonel Sardo, who nominally is assigned as a military aide to the President, actually is acting as an aide to Mrs. Ford in the role of "Chief of Staff."

Why, Mr. President, should a military man on active duty be assigned to anyone in the White House other than the President, and then only as a military assistant?

Colonel Sardo apparently was assigned to the White House by the Marine Corps Commandant to assist the President in his constitutional duties as Com-

mander in Chief. If he instead is involved in domestic matters or personally serving any other member of the staff in a nonmilitary capacity, then I think that service is improper and unwarranted.

At some point we must put a stop to this continuing reliance on the always present and free military manpower for civilian activities. A good start would be to either reassign Colonel Sardo to his original duties as Assistant to the President, or send him back to the Marine Corps in his official capacity as an officer.

Mr. President, it will be interesting to follow the promotion schedules of those military officers now in the White House. If, for example, Lieutenant Colonel Sardo is promoted over his fellow officers, as was the case in several other "White House" promotions last year, then politics will once again triumph over the military system.

Mr. President, I intend to ask the General Accounting Office for an investigation into the number of military men serving in the White House and what duties they are performing. In the meantime I call upon all concerned in this matter, the Secretary of Defense, the Secretaries of the Services, and the White House, to rethink the wisdom of continuing to rely extensively on military assistants in the White House in nonmilitary capacities.

Mr. President, I ask unanimous consent that the Marine Corps response to my inquiries regarding Lieutenant Colonel Sardo be printed in the RECORD.

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

DEPARTMENT OF THE NAVY,
HEADQUARTERS, U.S. MARINE CORPS,
Washington, D.C., September 24, 1974.

Hon. WILLIAM PROXMIRE.
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: The following answers are in response to questions from Mr. Ron Tammen, related to Lieutenant Colonel Sardo's assignment to the White House. Since the inquiry was by telephone, the questions are restated as understood from the discussion between Mr. Tammen and Major Tinsley, Marine Corps Liaison Officer to the Senate.

Q. Is Lieutenant Colonel Sardo attached permanently or on TAD to the White House?

A. Lieutenant Colonel Sardo was permanently assigned to the Office of the Military Assistant to the President effective August 9, 1974.

Q. Who ordered his present assignment to the White House?

A. The Commandant of the Marine Corps ordered Lieutenant Colonel Sardo's assignment to the Office of the Military Assistant to the President.

Q. What is the legal authority for assigning Lieutenant Colonel Sardo to the White House?

A. Lieutenant Colonel Sardo was assigned to serve as Military Aide to assist the President in his constitutional duties as Commander-in-Chief of the Armed Services.

Q. What will his tour length at the White House be?

A. Under the normal rotational policies of all U.S. Armed Services, officers can expect reassignment after 3 or 4 years at a duty station.

Q. Describe his duties, including his job title, at the White House.

A. Military Aide to the President.

It is hoped that the above is satisfactory for your purposes.

Sincerely,

E. R. REID, Jr.,
Brigadier General, U. S. Marine Corps, Legislative Assistant to the Commandant.

TAX REFORM LEGISLATION

Mr. HUGH SCOTT. Mr. President, in view of imminent, major tax reform legislation, I want to encourage my colleagues to include in this comprehensive package some form of tax relief for middle-income people to offset the increase in tuition costs for higher education. This has been a long-term goal of mine and to this end I have introduced S. 3898, a bill which would allow a $2,000 tax deduction for middle-income people for higher education.

A recent editiorial on WTAE radio, TV in Pittsburgh recognizes this need. I ask unanimous consent that this editorial be printed in the RECORD.

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

TAX REFORM LEGISLATION

If you believe—as we do—that higher education costs should be tax deductible, there's a bill in the Senate that could use your help.

It's S–3898, sponsored by Pennsylvania's Hugh Scott. The bill would provide tax relief to parents paying for higher education or post secondary vocational training.

Its terms are modest: Only up to $2,000 in education costs are deductible. Only families with income under $25,500 a year could claim the deductions. But it's a start toward correcting what we believe to be a great inequity in the tax structure. Higher education seems to us more worthy of a tax break than a great many other things that now can be written off.

The advantage of Scott's bill are two-fold: Tax relief might spare some families the heavy burden of debt that college educations often represent. And it might be a boost for private institutions, which are now losing out to publicly supported universities and community colleges in the competition for students.

The Scott bill is now in the Senate Finance Committee, with no hearings scheduled. But Senator Scott's office has told us the volume of mail supporting it is steadily growing.

With time fast running out on this session of Congress, we'd like to see that volume of mail continue to grow. If you share this view, drop a line to Hugh Scott, Senate of the United States, saying you like S–3898.

PRESIDENTIAL PARDON

Mr. HASKELL. Mr. President, during the last few weeks there has been an overwhelmingly negative reaction to President Ford's complete and absolute pardon of Richard Nixon before the judicial process could run its course. Most people have deplored the President's precipitous action. They have expressed anger and regret that "equal justice under law" does not have the meaning it was thought to have during almost two centuries of this country's history. Also, many people are frustrated at the unquestioning acceptance of President Ford's authority to grant this pardon.

Most of the lawyers, legal scholars, commentators, and Members of this Congress who are appalled by the untimely granting of this pardon have, nevertheless, conceded that its grant was legitimately within the President's pardoning power. Although there is a pervasive feeling that there has been an incalculable injury to the legal process and to the principle that no one stands above the law, most people believe there is no further recourse.

Mr. President, in my opinion, the President's authority to grant this pardon is not as clear cut as some of my friends and colleagues believe. In making this statement, I am fully aware that there are few who share my view. But I am also mindful of the words of Thomas Paine in urging independence from Great Britain:

Perhaps the sentiments contained in the following pages, are not yet sufficiently fashionable to procure their general favor; a long habit of not thinking a thing wrong, gives it a superficial appearance of being right, and raises at first a formidable outcry in defense of custom.

I hope, with this statement, to raise a doubt in the minds of those who have accepted without challenge the legality of President Ford's action. Congress cannot limit the effects of a Presidential pardon, so it is not for this body to seek rescission. Perhaps a private individual, the Special Prosecutor or the grand jury may yet decide to proceed. In encouraging consideration of these arguments, I hope to see the issue pursued.

At the outset, I recognize that cases previously decided by the U.S. Supreme Court have declared the President's pardoning power to be virtually absolute. Nevertheless, it must also be pointed out that none of those cases arose from such extraordinary circumstances as those surrounding the pardon of Richard Nixon. It is my belief, therefore, that those cases cannot be considered as having laid to rest the issue of the exercise of Presidential pardoning authority in this instance.

The debates on the pardoning power at the Constitutional Convention in 1787 reveal several interesting things. First, the framers viewed the pardon not only as an instrument of clemency and mercy, but also as a tool for law enforcement. That perspective is apparent in the discussion and then withdrawal of a suggestion that reprieves and pardons be limited until "after conviction." The resolution was objected to, because a pardon before conviction might be necessary in order to obtain the testimony of accomplices.

It is also important to note the debate on a proposed, but defeated, "cases of treason" exception to the President's pardoning power. The exception stemmed from fears that the President's unrestrained power of granting pardons for treason would sometimes be "exercised to screen from punishment those whom he had secretly instigated to commit the crime, and thereby prevent a discovery of his own guilt." But opponents asserted that there were important reasons for keeping the pardoning power exclusively in the Executive's hands, and if the President were involved in a conspiracy, the impeachment process would insure full disclosure. It is this notion of assuring a thorough investigation and full disclos-

ure of the misconduct of high officials which led the framers to except "cases of impeachment" from the President's power.

From this brief review of the background, it is apparent that the framers contemplated the use of preconviction pardons as a means of discovering the truth and not as a way to close the book before anyone has had a chance to read it. Moreover, the framers contemplated use of the impeachment process as a truthfinding tool in cases of official misconduct or crime. We were recently involved in a "case of impeachment" which was shortcircuited by Mr. Nixon's resignation. The Constitution, however, still insured the discovery of truth in its express declaration that one subject to impeachment is also subject to the criminal process. It is this safety valve that Mr. Ford has attempted to close. We can conclude that the drafters of the Constitution intended the pardoning power and the impeachment process to work in concert to assure full investigation and discovery in a case in which a President and his subordinates are involved in a criminal conspiracy.

The framers did not foresee, however, a situation in which a President would resign in face of an imminent vote to impeach him and then would be pardoned by his successor. Indeed, it seems clear that Richard Nixon's resignation and Gerald Ford's subsequent pardon of him thwarted the process intended by the delegates at the Constitutional Convention.

My colleague, the distinguished Senator from Minnesota (Mr. MONDALE) has recommended that we prevent a recurrence of this abuse of the pardoning power by the adoption of a constitutional amendment which would provide an additional check on the President's exercise of the power. I suggest there is another alternative. While the President's pardoning authority is undeniably broad, the preceding analysis raises the question of whether the framers intended the authority to apply to these circumstances. That issue, it seems to me, is a litigable one, one never decided by any court.

Furthermore, Mr. President, I would like to emphasize that I am not altogether convinced that this is not a "case of impeachment" to which that exemption from the President's pardoning power should directly apply. Since the Constitution is not more specific and the Convention debates do not clarify the issue, it seems to me there are several possibilities. A "case of impeachment" might refer to any intermediate stage in the impeachment process, or to a vote in the House of Representatives to impeach, or to a conviction by the Senate. In my view, a tenable argument can be made that a situation such as we have here—where impeachment articles approved by the House Judiciary Committee are only prevented from coming to a vote before the full House by the resignation of the person who is about to be impeached—can be considered as included within the term "cases of impeachment." At any rate, I think the meaning of the phrase is sufficiently unclear that this too is an unresolved legal issue.

Finally, Mr. President, one additional issue has not been settled by previous case law. That issue is whether this pardon contravenes the authority of the Special Prosecutor, as set out in the regulations creating the office. The regulations provide that the Special Prosecutor shall have full authority to prosecute offenses against the United States involving the President and that he shall have full authority with respect to those matters for deciding whether or not to prosecute any individual. Further, the Special Prosecutor was assured in the regulations that the President will not exercise his constitutional powers to limit the Special Prosecutor's independence. If we assume, as we should, that it is reasonable to include the President's pardoning power within the constitutional powers that the President has agreed not to exercise, then the pardon of Mr. Nixon can be viewed as a violation of the regulations establishing the Special Prosecutor's authority. Of course, this view still leaves the President free to pardon anyone within the Special Prosecutor's jurisdiction after prosecution.

Something more than angry rhetoric is necessary to reestablish confidence in the principle of an equal system of justice. I do not contend that mercy and compassion have no place in such a system; indeed, they are admirable qualities for a President to express at an appropriate time.

I do believe, however, the debate over the legality of this unprecedented pardon must continue. The pardon has seriously undermined the basic tenets of our judicial system and must be challenged if at all possible. There are serious unanswered questions about the relationship of the pardon power to the impeachment process and to the role of the Special Prosecutor. There may well be additional questions which need to be raised and pursued. I hope to be able to contribute to the debate in attempting to answer those questions. I hope that I will be joined by those who are in a position to take action.

DELTA SIGMA RHO-TAU KAPPA ALPHA FORENSIC SOCIETY CONFERS THEIR SPEAKER OF THE YEAR AWARD ON SENATOR SAM J. ERVIN, JR.

Mr. ALLEN. Mr. President, Delta Sigma Rho-Tau Kappa Alpha Forensic Society has recently honored our colleague, Senator SAM J. ERVIN, JR., by conferring upon him its speaker of the year award in the field of public affairs for "effective, intelligent, and responsible" speaking on significant public questions during the year 1973.

In presenting the award to Senator ERVIN, Delta Sigma Rho-Tau Kappa Alpha assigned these reasons for its action in so doing:

The Roman, Cato the Censor, described the orator as "a good man skilled in speaking." Delta Sigma Rho-Tau Kappa Alpha's 1973 Speaker of the Year meets that requirement. In the first year of the post-Watergate era the award committee was keenly aware of the standard of "responsible" speaking in making a selection. We chose a speaker who has consistently demonstrated high standards of honesty and responsibility in contrast to the current practices that debase the public discourse. In addition our 1973 Speaker of the Year consistently shows the qualities of "intelligent" and "effective" speaking in what many perceive to be the old and expansive style in which language and illustrations are carefully chosen and each utterance bears the clearly identifiable mark of its author. Agree or disagree, the audience knows where our Speaker of the Year stands and the reasons for that stance. These qualities have contributed to his election and reelection to public office. It is an honor to present the Speaker of the Year award for 1973 to Senator Sam J. Ervin of North Carolina, a good man skilled in speaking.

The official publication of Delta Sigma Rho-Tau Kappa Alpha, "Speaker and Gavel," carried an article in its May 1974 issue concerning Senator ERVIN which was written by Prof. Peter E. Kane, chairman of its Speaker of the Year Award Committee.

I ask unanimous consent that a copy of this article be printed in the RECORD.

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

SAM J. ERVIN, JR.: A GOOD MAN SPEAKING WELL

(By Peter E. Kane)

The constellation of events that have become known as the "Watergate situation" have had a profound impact on the thoughtful critic of public address. The fact that some have chosen to debase the coin of public discourse easily leads to cynicism and a distressing loss of faith in all currency. Under these circumstances it is easy to abandon the search for good coin—the speaker who exemplifies the ideals of intelligent, effective, and responsible public address. However, attention to the range of public discourse quickly proves not only that there are such speakers but also that they are in the clear majority. One noteworthy representative of that vocal majority is Senator Sam J. Ervin, Jr., of North Carolina.

I

For the general public Senator Ervin became known through the hearings of the Senate Select Committee on Campaign Activities (the Watergate Committee). The Senator both by the force of his character and by his role as committee chairman was one of the main figures in these televised hearings that ran throughout the summer. For the television audience Senator Ervin came to be known for his country humor, his apt and often Biblical quotation to suit every situation, for his penetrating questioning of witnesses, and for his fundamental honesty and fairness.

As a member of the Watergate investigating committee Senator Ervin was responsible for a number of those memorable moments that have been etched on the public mind. The following examples are fairly representative. The first is in a lighter vein. Through a very subtle legal maneuver former Presidential advisor H. R. Haldeman had succeeded in getting Watergate Committee Chairman Ervin to force the revelation of a White House version of tape recorded conversations that the White House had refused to allow the committee to hear. Senator Ervin commented on the trap that had been set for him:

"And I would have to say that not only is that what we would call very skillful legal

dexterity, connegling in North Carolina, but if the writer of the Book of Ecclesiastes had been here he wouldn't have been able to say right that 'there is nothing new under the sun.' And that's the genuine truth." [1]

In this way the Senator expresses his sense of offense at having been used and does so in a manner that effectively makes his point while at the same time turning aside anger.

A second characteristic example of Senator Ervin's impromptu comments during the Watergate hearings is found during his cross-examination of witness Fred LaRue, a former special counsel to the President:

"I can't resist the temptation to philosophize just a little bit about the Watergate.

"The evidence thus far introduced or presented before this committee tends to show that men upon whom fortune had smiled benevolently and who possessed great financial power, great political power, and great governmental power, undertook to nullify the laws of man and the laws of God for the purpose of gaining what history will call a very temporary political advantage.

"The evidence also indicates that the efforts to nullify the laws of man might have succeeded if it had not been for a courageous Federal judge, Judge Sirica, and a very untiring set of investigative reporters. But you [Fred LaRue] come from a State like the State of Mississippi, where they have great faith in the fact that the laws of God are embodied in the King James version of the Bible, and I think that those who participated in this effort to nullify the laws of man and the laws of God overlooked one of the laws of God which is set forth in the seventh verse of the sixth chapter of Galatians:

"Be not deceived. God is not mocked; for whatsoever a man soweth, that shall he also reap." [2]

The record at this point indicates that the audience in the hearing room broke into applause.

Perhaps the most memorable example of Senator Ervin's gift for spontaneous oral prose invention in the best humanistic and classical tradition occurred during the questioning of former Presidential advisor John Ehrlichman. Mr. Ehrlichman's defense of the wire tapping and covert searches approved by him prompted the following comment:

"The Senate is going to have several more votes, and there will be very little interrogation of the witnesses until the morning. But I do want to take this occasion to amplify the legal discussion and I want to mention a little of the Bible, a little of history, and a little of law.

"The concept embodied in the phrase every man's home is his castle represents the realization of one of the most ancient and universal hungers of the human heart. One of the prophets said—described the mountain of the Lord as being a place where every man might dwell under his own vine and fig tree with none to make him afraid.

"And then this morning, Senator Talmadge talked about one of the greatest statements ever made by any statesman, that was William Pitt the Elder, and before this country revolted against the King of England he said this:

"The poorest man in his cottage may bid defiance to all the forces of the crown. It may be frail, its roof may shake, the wind may blow through it, the storm may enter, the rain may enter, but the King of England cannot enter. All his force dares not cross the threshold of the ruined tenements."

And yet we are told here today, and yesterday, that what the King of England can't do, the President of the United States can.[3]

This statement continues on for several minutes with references to Supreme Court cases including citations and quotations, comments about English common law, and the noting of historical analogies.

II

For students of debate, the legislative process, and the United States Senate, Senator Ervin has been well known for many years as one of the most active and effective participants in Senate floor debates. He has fought vigorously with cogent argument for those principles in which he believes. As a strict constructionist of the United States Constitution he has challenged advocates of both liberal and conservative ideas when those ideas appear to him to violate constitutional principles. These Senatorial activities have demonstrated a belief that problems of public policy can be solved by ethical men of good will using reasoned discourse.

Although Senator Ervin has become best known by the general public for his role in the Watergate hearings, his principal Senate responsibility has been that of Chairman of the Constitutional Rights Subcommittee of the Senate Judiciary Committee. During the last year a major concern of that subcommittee has been the attempt to draft legislation to protect the confidentiality of the sources used by reporters in the preparation of news stories. This concern rests on the concept that a free flow of information, like reasoned discourse, is essential to the healthy functioning of a democracy. Senator Ervin has viewed efforts by courts and grand juries to force news reporters to reveal their sources as one of many actions that have the effect of inhibiting the flow of information.

The issue of protection of reporters' sources known as "newsmen's privilege" is an old one that became a legislative concern in 1972 when the United States Supreme Court ruled in a group of three cases that the First Amendment guarantee of freedom of the press did not provide a basis for a reporter to refuse to reveal the sources of his information. Legislation is the only apparent sure remedy for this adverse decision. In order to examine the issue the Constitutional Rights Subcommittee held hearings beginning January 20, 1973, to receive testimony from expert sources concerning legislative solutionss. As an opening statement for these hearings Senator Ervin outlined the problem as follows:

Thomas Jefferson wrote in 1787: "The basis of our government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without government, I should not hesitate a moment to prefer the latter."

"The Founding Fathers, of course, decided that we should have both government and newspapers. Ever since then we have time and again sought to reconcile asserted government necessity—warranted or not—to the demands of the First Amendment. And today, almost two hundred years later, we again find ourselves attempting to define the relationship between these two essential components of our society. Specifically, we will consider in these hearings the question of whether government should be permitted to compel the press to reveal the identity of confidential sources of information or the content of unpublished information.

* * * * *

"The situation, until the present controversy arose, has largely been one of an informal accommodation between newsmen and prosecutors. The newsman has been willing to give testimony under certain conditions, and prosecutors have sometimes been willing to recognize the harm to confidential sources in those cases where the reporter balked. Often they did not press their demands for testimony. Of course, where demands were pressed, the reporter faced a jail sentence for contempt if he insisted on remaining silent. If court challenges ensued, inevitably the reporter would lose. Even in states which had protective statutes, courts have been prone to look for ways to get around them, and thereby obtain the newsmen's testimony.

* * * * *

"Our problem, then, in a nutshell, is to decide whether or not to adopt some form of statutory protection and, if so, what form that protection should take. In doing so we must resolve many very delicate issues. We face a complicated legislative responsibility not unlike the one the Founding Fathers dealt with two hundred years ago, and I do not presume that we have the same wisdom as they. It would have been far better if the Court had properly faced the issue last June. To write legislation balancing the two great public interests of a free press and the seeking of justice is no easy task. This is a problem better approached through case-by-case litigation rather than through inflexible statutory words. Nonetheless, we must try.

* * * * *

"The great rights the press now enjoys were not conferred as a gift from Congress. Quite the contrary. They were wrested from a reluctant, and more accurately, an antagonistic government. When the press was licensed, publishers went to jail to win the freedom to publish.

"When prior censorship existed, they fought with their bodies and their fortunes.

"When seditious libel was a crime, they nonetheless criticized king and parliament, and went to jail for the privilege.

* * * * *

"To be sure, the press feels threatened and intimidated by a hostile administration. It has begun to wonder whether it is still able to fulfill its role as a conveyor of information to the public. Members of this administration have publicly castigated and threatened press and broadcast media. Proposals have been made to set new standards for the renewal of broadcast licenses which are little more than transparent attempts to censor unfavorable comment. Funds for public broadcasting have been vetoed and public affairs programming, sometimes critical of the administration, has been curtailed. The FBI spends its time trying to catch critical reporters in illegal conduct.[4]"

The portion of this speech quoted in conclusion here calls attention to the broader aspects of freedom of communication and information. Senator Ervin is here noting in passing some of the many techniques that have been used by the Nixon administration to limit the flow of information and consequently the knowledge base which the general public uses to make judgments about people and events. In this context Jefferson's preference for newspapers without government rather than government without newspapers takes on added significance.

The theme of freedom of information and the First Amendment has been a major topic of many of Senator Ervin's speeches including those presented to public audiences outside of the Senate. An excellent example of such a presentation is the Senator's statement to the North Carolina Press Association in Chapel Hill on January 19, 1973. His detailed analysis of some of the forms of interference with the public's right to know was introduced with these comments:

"It is my belief that the First Amendment was adopted by our Founding Fathers for two basic reasons. One reason was to insure that Americans would be politically, intellectually, and spiritually free. The other was to make certain that our system of government, a system designed to be responsive to the will of an informed public, would function effectively.

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[1] United States, Senate, Select Committee on Presidential Campaign Activities, *Hearings*, Book 8, p. 3114, July 31, 1973.

[2] *Ibid.*, Book 6, pp. 2343–2344, July 19, 1973.

[3] *Ibid.*, Book 6, pp. 2630–31, July 25, 1973.

[4] United States, *Congressional Record*, Ninety-third Congress, First Session, March 1, 1973.

"The scope of First Amendment freedoms, including freedom of press, is broad and was intended to be so. The First Amendment is impartial and inclusive. It bestows its freedoms on all persons within our land, regardless of whether they are wise or foolish, learned or ignorant, profound or shallow, and regardless of whether they love or hate our country and its institutions.

"For this reason, of course, First Amendment freedoms are often grossly abused. Society is sorely tempted at times to demand or countenance their curtailment by government to prevent abuse. Our country must *steadfastly spurn* this temptation if it is to remain the land of the free. This is so because the only way to prevent the abuse of freedom is to abolish freedom.

"The quest for the truth that makes men free is not easy. As John Charles McNeill, a North Carolina poet, said, "teasing truth a thousand faces claims as in a broken mirror." The Founding Fathers believed—and I think rightly—that the best test of truth is its ability to get itself accepted when conflicting ideas compete for the minds of men.

And, so, the Founding Fathers staked the very existence of America as a free society upon their faith that it has nothing to fear from the exercise of First Amendment freedoms, no matter how much they may be abused, as long as truth is free to combat error." [5]

This presentation was concluded with an obvious but unstated allusion to the ideas of John Stuart Mill expressed in the second chapter of *On Liberty:*

"A free press is vital to the democratic process. A press which is not free to gather news without threat of ultimate incarceration cannot play its role meaningfully. The people as a whole must suffer. For to make thoughtful and efficacious decisions—whether it be at the local school board meeting or in the voting booth—the people need information. If the sources of that information are limited to official spokesmen within government bodies, the people have no means of evaluating the worth of their promises and assurances. The search for truth among competing ideas, which the First Amendment contemplates, would become a matter of reading official news releases. It is the responsibility of the press to insure that competing views are presented, and it is our responsibility as citizens to object to actions of the government which prevent the press from fulfilling this constitutional role." [6]

HOUSING AND REFORM OF FINANCIAL STRUCTURE

Mr. BENNETT. Mr. President, there has been a great deal of discussion about the housing industry recently and what can be done to help it. As almost everyone knows by now, the housing industry is in the doldrums because of high interest rates and inflation, and a variety of proposals has been put forward to correct this situation. Among these proposals are such schemes as the direct allocation of credit and the direct Treasury financing of housing through the establishment of a housing trust fund.

During the past year the Banking Committee's Financial Institutions Subcommittee, of which I am a member, has been holding hearings on the Financial Institutions Act (S. 2591). A great deal of the discussion at these hearings has been devoted to the question of housing and how the Financial Institutions Act would affect its financing.

Recently, the subcommittee received some very interesting testimony from a group of well-known academicians. All of them expressed general support for adoption of the Financial Institutions Act.

One of the most interesting statements presented during those hearings was by Dr. Allan H. Meltzer of Carnegie-Mellon University. Dr. Meltzer concludes that Government efforts to solve the housing problem are often self-defeating and counterproductive. In view of the growing interest in the housing industry, and proposals which have been put forward for helping it, I would like to share Dr. Meltzer's statement with my colleagues.

I ask unanimous consent that Dr. Meltzer's statement be printed in the RECORD in its entirety.

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

HOUSING AND REFORM OF FINANCIAL STRUCTURE

(By Allan H. Meltzer)

(NOTE.—Prepared for the Subcommittee on Financial Institutions, Senate Committee on Banking, Housing and Urban Affairs, September 11, 1974.)

Mention the subject of financial reform and the conversation turns to housing. Open discussion of the allocation of credit, and the subject of mortgages dominates all others. Suggest that monetary policy be used to reduce inflation gradually, and the survival of thrift institutions is brought into question.

Four beliefs about housing and mortgages are widespread. One, without an adequate supply of mortgage credit, few homes would be built. Two, the financial market place is unwilling or unable to provide an adequate supply of mortgage credit. Three, government intervention in the financial markets reallocates credit to the mortgage market. Four, controls on interest rates, like Regulation Q, protect the thrift institutions and increase the supply of mortgage credit.

Each of the four propositions is false or misleading. Increasing the supply of mortgage credit does not increase housing. Government activities in financial markets have little net effect on the amount of mortgage credit. Controls on interest rates under Regulation Q penalize small savers and those least informed about market opportunities. The benefit to housing has not been shown and is probably non-existent.

The fact that repeated attempts to increase the supply of mortgages have had little effect on housing has not led to the abandonment of the policies. Instead, failure seems to stimulate the demand for more of the same. Now, after years of Regulation Q, with almost $60 billion of agency borrowing outstanding—much of it for mortgages—and more than $15 billion of Home Loan Bank advances to thrift institutions, there is a rising demand for direct allocation to mortgages and other so-called priority uses.

There are two main questions to be answered about financial structure and housing finance. Why is the gap between facts and beliefs so wide? Why is the relation between housing and housing finance so frequently misinterpreted?

If I could give only a brief answer to these questions, it would be: Government policy is based on the presumption that increases in the supply of mortgage credit increase the supply of housing. Regulation Q is defended as a means of assisting thrift institutions to compete with other lenders. Government sponsored agencies such as FNMA, GNMA, the Federal Home Loan Banks borrow in the money and capital markets and lend in the mortgage market.

All of these actions are remote from housing. I am not certain after reviewing most studies of the effects of Regulation Q and the Federal credit agencies, that they have any effect on the supply of housing after allowance is made for withdrawals from banks and savings and loan associations to purchase credit market instruments or to consume. The net effect is small and may be zero. Even if the stock of mortgages is increased by the government's policies it does not follow that the housing stock is increased. Home mortgages finance a wide range of financial and real assets other than housing.

My study of the evidence leads me to conclude that policies to help housing by increasing mortgage credit have had little effect on housing. Below, I summarize some of the evidence from long-term movements during the past sixty years and from recent housing cycles.

The main conclusion I draw from these studies is that the often repeated explanation of housing cycles is largely incorrect. That explanation emphasizes the importance of credit availability. Rising interest rates are said to reduce the availability of mortgage credit and thus reduce purchases of housing and housing starts.

An alternative explanation emphasizes an entirely different effect of the rise in interest rates. Housing is a long-term, durable asset. Increases in market interest rates, relative to past rates or average, anticipated rates, encourage buyers to postpone purchases. Reductions in market rates, relative to average, anticipated rates, accelerate purchases. The decline in rates is a reduction in the cost of housing. Purchasers can achieve their desired long-term position at substantially lower cost by purchasing when mortgage rates are relatively low and deferring purchases when rates are high. Housing cycles, in this interpretation, are largely a consequence of individual decisions to postpone or accelerate purchases. Mortgage lending declines because housing purchases decline and not the other way around.

The evidence I discuss in the following sections generally supports the view that housing cycles are the result of decision to defer purchases when rates rise and to accelerate purchases when rates fall. If, as I believe, this interpretation is correct, government operations to provide mortgage credit by borrowing and relending or by secondary market purchases have little effect on purchases or production of housing.

HOUSING AND MORTGAGES: LONG-TERM CHANGES

Mortgage contracts, the functioning of the mortgage market and the role of government in the mortgage market have changed considerably during this century. Mortgage insurance, amortization, monthly payments, longer-terms are common. Partly as a result of the changes in the mortgage contract, the proportion of mortgage debt in the total liabilities of the public has increased. More than 60%, and as much as 66%, of the outstanding debt of non-farm households consisted of mortgages on residential property in the 1960's.

The proportion of owner equity in housing fell as mortgage debt rose. Despite the imprecision of our measurements of the value of housing, there is little doubt about the trend. Mortgage debt as a percentage of the value of non-farm housing increased 250% to 300% from 1912 to 1960 or 1970. Most of the increase occurred in the 1960's and 1970's, the period of rising government assistance to the mortgage market.

There is no corresponding increase in non-farm housing relative to total assets for those dates on which measurements have been

[5] *Ibid*, January 26, 1973.
[6] *Ibid.*

made. The proportion was about 25% in 1912, in 1933, and in 1958.

These data give no support to the notion that very large increases in mortgage credit and changes in the availability or terms of mortgage contracts have any long-term effect on housing. The main long-term effect has been the substitution of borrowed funds for owner's equity in housing.

The conclusion that increases in the availability of mortgage credit have had no long-term effect on housing may seem surprising. The opposite point has been made so often. There is no reason for surprise. We have known for centuries that specific liabilities do not finance specific assets. We expect improvements in the mortgage contract to increase the use of mortgage contracts. Mortgage insurance, lower down payments and other changes encourage purchasers of housing to substitute mortgage credit for equity and encourage lenders to increase the loan-to-value ratio on houses. The equity previously invested in housing is available for investment elsewhere and has been invested elsewhere. There is no reason to expect nonfarm households to buy more housing because they borrow more on housing, and the long-term data provide no evidence that they do.

HOUSING CYCLES AND HOUSING POLICIES

The long-term data are consistent with two very different conclusions about short-term housing cycles. Either homebuilding increases with increased availability of mortgages and later declines, so there is no long-term effect, or there is neither a short-term nor a long-term effect.

Examination of the evidence from most studies of housing leads me to conclude that there may be a small short-term effect. In my own work I found no effect of mortgage policy on the annual volume of housing starts. The positive effect on housing starts of an increase in the availability of mortgage credit is offset by the reduction in housing starts caused by the additional government debt issued to finance the purchases. The government's purchase of mortgages in the secondary market lowers mortgage rates; the sale of debt to finance the purchase raises market rates and mortgage rates, offsetting the effect of the purchase. The net effect is approximately zero.

Annual data may hide some short-term changes. Studies of quarterly housing starts suggest that mortgage market operations have very little effect on mortgage rates, and changes in mortgage terms and conditions do not seem to have any significant effect. Advances from the Federal Home Loan Banks to the member associations appear to increase the amount of mortgages offered, but the change in mortgages is less than the amount of the advances, and the effect on housing is even smaller.

Let me turn to the broad picture shown by the three most recent periods of declining housing starts. I have delineated these periods by computing annual change in housing starts between the corresponding months of successive years—January to January, February to February, etc. I dated the start of the decline at the beginning of a sustained fall in starts and the end of the decline at the first positive change. The dating for each period is shown in Table 1. Data for the current decline end in April, but the decline continues.

TABLE 1.—COMPARISON OF 3 PERIODS OF DECLINING HOUSING STARTS

Period	Length of decline (months)	Size of the decline (percent)	Change in mortgage debt of U.S. agencies [1]		Change in home loan bank advance		Change in FHA mortgage rates (percent)	Change in interest rate spread, FHA 10-yr Government bonds
			Current dollars (billions)	Constant dollars [2]	Current dollars (billions)	Constant dollars [2]		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I. January 1966 to April 1967	16	−21	+$4.0	+$4.0	−$1.2	−$1.2	13	+67
II. July 1969 to June 1970	12	−20	6.6	4.0	+3.2	+2.8	14	−27
III. June 1973 to April 1974	[3] 11	−30	9.5	6.5	+4.9	+3.3	20	+67

[1] Annual report of the Council of Economic Advisers, February 1974, p. 322.
[2] Deflated by index of prices of residential structures 1966–67=100.
[3] April 1974 is the last month included. Decline continues.

Compare the three declines. The first two are about equally severe. The percentage declines in housing starts are about equal; the percentage increase in mortgage rates are about equal also. The third is 50% more severe and the increase in mortgage rates is about 50% greater. Data for three periods would be reconciled if each 1% increase in interest rates encouraged buyers to postpone purchases and reduced the demand for housing and the number of housing starts by 1½%. This is almost the exact response to be expected, based on our studies of housing cycles, if the effect of factors other than interest rates cancelled so that the effect of postponement in response to higher rates of interest dominates the observed changes.

Columns (4) to (7) show the amount of "support" for the mortgage market and mortgage lenders by agencies of the Federal government. Columns (4) and (6) are the amounts the agencies had to borrow to sustain their lending operations. Columns (5) and (7) are deflated to eliminate the effect of increased housing prices when comparing the change in assistance to the decline in the number of starts. The amount of assistance to the mortgage market, in constant dollars, is the sum of columns (5) and (7). This sum has no clear relation to the decline in housing starts.

There is no evidence (column 9) that mortgage rates have been reduced relative to other rates. In one cycle, the spread between the mortgage rate and the rate on government bonds narrowed. If we interpret this finding as evidence of the effect of government operations in the mortgage and credit markets, how do we explain the contrary findings for the remaining periods, 1966–67 and 1973–74? In both periods, mortgage rates increased relative to rates on government bonds, just as in 1957–58 and in 1959–60 before government operations in the mortgage market reached their present scale.

The results I have cited summarize only part of the available evidence. Experience in a number of European countries is similar to our own. A variety of policies that encourage housing by increasing the supply of mortgage credit or by changing the terms and conditions under which mortgages become available have been dropped. There is little evidence showing any substantial effect on housing.

SOME SIDE EFFECTS OF MORTGAGE POLICIES

From 1952 to 1973, the mortgage portfolio of government agencies increased from $4 billion to $55 billion. More than half the increase has occurred in the past five years. Yet, the share of output going to housing has declined. During 1952 to 1956, residential investment as a percentage of GNP was never below 5%; after 1959, the percentage never reached 5%.

The sizeable increase in the amount of government agency debt sold to finance mortgage operations appears to have little, if any, effect on housing. The effect of issuing the debt and purchasing mortgages is not negligible, however. The sale of debt substitutes government debt for private securities in portfolios. Individuals borrow more in the form of mortgages and less in other forms. The government and its agencies dominate the capital markets.

I believe the more serious effect is that like most other forms of government intervention in markets, one type of intervention begets another. The failure of mortgage policy to reduce fluctuations in housing does not bring the policy to an end. Those who proposed the policy do not admit that their arguments were incorrect and their policies ineffective. They ask, instead, for additional controls and new restrictions on free exchange in open markets.

There is now a rising demand for controls on the allocation of credit. A growing number of voices ask that financial institutions be forced to allocate a larger share of total credit to the uses they think are important and a smaller share to the uses the public chooses by their decisions in the marketplace.

There is no way in which regulators can control both the quantities of particular types of credit and the price or interest rate at which loans are made. Interest rates will decline on the types of credit that the regulators favor, for example mortgages, relative to the rates of interest on types of credit that are in disfavor. There will be incentive to borrow on mortgages if they are favored and relend. The incentives to borrow in favored forms and relend increases as the relative rates of interest diverge from the rates determined by the market. The incentive to borrow abroad and relend at home increases also and for the same reasons. Controls on the allocation of credit impose costs on private borrowers and lenders who must seek new ways to achieve their desired ends.

Costs will increase, efficiency will be reduced; freedom will be lost. The demand for new controls to restrict capital exports or imports will grow. These costs aside, controls on the uses of credit will have no effect on the allocation of real resources.

The most baneful side effect of mortgage policy has been the effect on inflation. Increases in government and agency debt raise market interest rates; large increases in debt cause large increases in market rates. The Federal Reserve increases the growth rate of money to slow or prevent the rise in market rates. We get inflation.

The effects of inflation make matters worse, and particularly so because regulation prevents rate increases at thrift institutions. There is an outflow from saving accounts. Instead of removing the ceiling on rates, the Federal Reserve tries to prevent rates from increasing or to slow the increase. The agencies borrow from the thrift institutions or

the mortgage market raising market interest rates. The Federal Reserve, beguiled by its policy of controlling market rates, accelerates the monetary growth rate. The rate of inflation increases.

CONCLUSION

There are less costly ways for Congress to improve the allocation of financial resources. Repeal Regulation Q; end the controls on portfolio decisions; eliminate special agencies that try, with little success, to reallocate real resources by reallocating credit. Experience with Regulation Q and similar devices should by now have made clear that the principal effects of regulation have not been the effects promised by proponents of regulation. Regulation Q has not increased the competitive position of the savings and loan associations. Government operations in the mortgage markets have not made housing less sensitive to changes in interest rates.

The appropriate direction for change is more freedom, not more regulation. The Financial Institutions Act moves in that direction. I welcome the change and urge you to adopt the new approach.

I have spoken at length, and I hope effectively, about the importance of ending controls and regulations. I want to end by favoring a particular set of controls.

Congress has agreed to a new approach to the budget and has shown new determination to control the total spending, the size of the annual deficit and the amount of borrowing. I hope you will succeed. Control of the budget and the size of the deficit is one important step toward improving the financial structure, the capital and credit markets and reducing inflation.

Another step remains to be taken. Congress must provide guidelines for the financing of budget deficits and surpluses that restrict the growth of money. Broad quantitative restrictions are required to prevent the Federal Reserve from reproducing the deflationary policies of 1930–33 or the inflationary policies of 1965–73.

Increased freedom for private institutions, greater control of the budget and the financing of the budget, a stable monetary policy that promotes price stability, these are the lasting powerful contributions that Congress can make to provide stable, innovative financial institutions that serve the public efficiently and creatively.

ZOOS ARE FOR ANIMALS

Mr. HOLLINGS. Mr. President, the September 17, 1974, issue of the Tulsa Tribune in Tulsa, Okla., contained an editorial on the issue of Federal Government intervention and control of zoological parks. I have been requested by the Columbia Zoological Park, Columbia, S.C., to bring this editorial to the attention of my colleagues in the Senate. I ask unanimous consent that the editorial entitled "Zoos Are for Animals" be printed in the RECORD.

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

[From the Tulsa (Okla.) Tribune, Sept. 17, 1974]

ZOOS ARE FOR ANIMALS

(By John Chamberlain)

There is a move on in Congress to federalize the zoos. Now, really!

If the zoos of the nation were to be federalized, the humane societies would surely dominate the pressure on whatever zoo bureaucracy happened to be set up by the White House. Well, what would be wrong about that? Let John Mehrtens, who runs the very successful Columbia Zoological Gardens in Columbia, S.C., tell you what is wrong.

The average save-the-animals American, he says, is a biological illiterate, and his reaction is always emotional. This illiterate deplores it when a cheetah is taken from its native habitat in South Africa, or when an Indian tiger is wrenched from his home in the Indian jungle. But the truth is that, in the not-so-distant future, the cheetahs and Indian tigers may very well owe their existence to protected zoo breeding banks.

"Habitat destruction," says Mr. Mehrtens, "is remorseless everywhere, and in South Africa the cheetah is regarded as vermin to be exterminated."

The Mehrtens' statistics are ominous. A few years ago there were 40,000 tigers in India: today the number has dwindled to 1,800. There are more registered Siberian tigers in zoos than in the whole of Siberia. The last wild Balinese tiger was recently shot by a poacher. So the Balinese tiger is now extinct simply because nobody had taken a pair out of their native habitat for a Western zoo. One of three organutans are now born in captivity, as are two of every four gorillas. As for the African lion, 50 years hence he will be lucky to be living in a game park.

Mehrtens' point is that zoos are merciful as well as useful, provided, of course, they are well run. In a period of inflation, Congress, though it would surely be responsive to the emotional pressures for the humane societies, would hardly be willing to provide money to make the zoos better or to build up their breeding banks of endangered species.

Rather than have a timorous and poorly funded Washington bureaucracy running our zoos for the 103 million people who visit them in a year, and doing the usual sloppy federal job of it, Mehrtens would have the American Association of Zoological Parks and Aquariums take the responsibility for the animal show much as the doctors and the lawyers provide professional competence for their own ranks.

Washington has run the U.S. currency into the ground, devastating thousands of human beings. Why, then, should it be trusted to keep the animals happy?

THE WORLD FOOD CONFERENCE AND THE NATIONAL WEEK OF CONCERN

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of my colleagues an address, "Everyone Can Help," by Mr. Herbert Waters on September 23 before the Washington chapter of the Society for Nutrition Education. These remarks are especially important during this National Week of Concern, when many of our citizens including eight Governors and mayors of 15 major cities are taking steps to demonstrate their concern.

Mr. Waters is the chairman of the World Hunger Action Coalition, a group of nongovernmental groups which have banded together to influence the policies of the U.S. Government at the World Food Conference.

The statement of Mr. Waters calls on the people of this Nation to become better acquainted with the world food problem. He also urges that we be prepared to make sacrifices in order to avoid mass starvation.

Clearly, Mr. Waters is convinced that the American people will respond generously to this challenge.

The theme of this session was "What Can I Do About the World Food Situation?" and a number of questions are raised which we all should consider.

Mr. President, I commend this statement to the attention of my colleagues. I ask unanimous consent that these remarks be printed in the RECORD.

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

EVERYONE CAN HELP

(By Herbert J. Waters)

It is especially appropriate for the Metro D.C. Chapter of the Society for Nutrition Education to devote this meeting to a panel discussion on what you can do about the world food situation. Your timing couldn't be better.

The world is just awakening to the urgent need to be concerned, and deeply concerned, about food—and better food.

Some of us have been sounding this battle cry for many, many years. At last, people are beginning to listen—and to act.

Throughout this year some seventy-five U.S. organizations have joined with the American Freedom from Hunger Foundation in a World Hunger Action Coalition to try and stimulate public concern and public consciousness of hunger problems, leading up to the coming UN-sponsored World Food Conference in Rome.

We are seeking to bring our efforts to a peak this very week, designated as a National Week of Concern starting yesterday.

Governors of eight states have issued formal proclamations regarding the Week of Concern for Hunger. Mayors of fifteen major U.S. metropolitan cities have done likewise. Meetings and discussions like this are taking place across the country.

Right here in the nation's capital, the week is being observed by churches and universities and just concerned citizens conducting a "Hunger Vigil" at the Lincoln Memorial, opening last night. Each evening at 7:30 p.m. there will be speakers on hunger issues, and a vigil of mediation by "hunger witneseses" who have been invited to fast for 24 hours as a demonstration of moral concern. Similar "fast days" have been scheduled in an array of cities, with people pledging money saved on a day's food budget to the agency of their choice to help alleviate hunger problems among the world's poorest of the poor.

We are also circulating petitions nationally, on which we have already collected several hundred thousand signatures, which we intend presenting to Secretary Kissinger before he goes to the World Food Conference as an expression of concern among the American people.

We have felt compelled—and still feel compelled—to stir up maximum public concern because of government timidity to really come to the grips with the magnitude of the problem that exists.

We have been encouraged by the President's public commitment to the United Nations—in generalities. We are still awaiting to see the fine print of what the United States will be willing to offer, or decline to offer, at the World Food Conference itself.

So we warmly welcome groups like yours conducting discussions on these issues, and I particularly like the topic you selected, "What Can I Do About the World Food Situation?" I welcome it, because food concern must be *everyone's* concern, and whatever is done or not done about it will affect everyone, one way or another. For that reason I think it is sound to consider what each of us might do, as individuals and as groups, to help avoid mass human tragedy within our lifetime from hunger and malnutrition.

Let me just enumerate *some* of the things I think we might do—and probably *must* do.

First, be informed—and help others become informed.

Most of you are educators, in one way or another. You know that you can't find

answers to many problems without first getting people to understand the problem. Despite all that has been done to stir up awareness in the last year or so, most Americans are still woefully unaware of the seriousness of the food problem confronting the world over the next few decades. We have taken food and abundance of food for granted so long in this country that it is hard to suddenly wake up to the fact that we are as vulnerable as the rest of the world to the total world supply picture—that what happens to weather and crop conditions in any part of the world affects our prices and food availability right here in the United States.

We no longer have the reserves we used to complain about as "surplus". We don't have the reserves in bins nor in idle land. We have traditionally neglected rural American and farm people, here and in other countries. We know and get excited about what food costs in the grocery store, but we pay little attention to the soaring costs of production—of fuel and fertilizer so necessary for production, or labor getting crops from farm to the dinner table. We really pay very little attention to where our food dollar goes. It's about time all of us became far better informed about the necessity of a sound, prospering agriculture to protect our future food supplies—and far more about the relative costs of food in the U.S., in relation to our earning power, compared to food costs in most other areas of the world.

We need to make people understand that our population is doubling before the end of this decade—and that means it will take twice as much food as we have today to even feed people as poorly as they are being fed today.

And they *are* being fed poorly, even in our own country. Our knowledge and understanding of nutrition is even more lacking than our knowledge of the food production situation generally. Most of our nutrition education is far out of date. Most of our medical doctors practicing today never even received any nutrition education.

As the poorer countries of the world struggle for life and survival, they are learning that they are going to have to get the most nutrient value out of every dollar invested in food. We haven't even learned that lesson in the United States.

These are just thumbnail comments on our basic ignorance on food and nutrition—but they may serve my point. The first thing everybody can do is to get better informed. A vast array of new technical knowledge and research into problems of malnutrition, particularly among infants, is available for those who will take the time and trouble to explore it. A vast additional amount of information about the potential—and lack of potential—for increasing food production is being compiled by all nations of the earth for the UN World Food Conference, and should become an added source for better appraising a long-range look at national and international food policies in the future.

Second, show you care. All the experts in the world can come up with the best research schemes and agricultural development schemes in the world for solving this world food dilemma, but nothing is really going to happen unless and until enough American people show enough concern and determination to insist that something be done. It is really a matter of determination and willingness, more than lack of technical knowledge; it is a matter of moral concern, a willingness to help pay for what it will cost to solve the problem, and a willingness to share what food we have until we can raise the world's production enough to provide adequate, nutritional diets for all people.

There are many ways individuals can show they are concerned, that they *do* care. Write to your Senators and Congressman. Write to the President. Write to Secretary of State Kissinger. Take the issue up in all the organizations you are affiliated with and stir others to action. Circulate petitions yourself. Contribute to any agency of your choice you feel is doing a constructive job of helping those who need help, in this country and abroad.

Why do we have to wait for mass tragedy to strike—to wait for television scenes viewed in our own homes of bloated bellies of starving children in the Sahel—before we act? We are basically a humanitarian people, a generous people. We always rally to help our neighbor in a crisis. Let's remember that we have neighbors all over the world, for whom eating every day is a crisis. Let's find ways to show the world that the American people *do* care, that we are not just a selfish, greedy nation concerned only about ourselves.

Third, be willing to do some soul-searching on our own eating habits, our own life styles.

I'm not a dreamer who imagines we can change everybody's eating habits overnight, but I think we could all stand some soul-searching on our conspicuous consumption habits—for our own sake, for our health's sake, for our conscience sake, and for the world's sake.

I haven't joined those who have called for meatless days, because there is no simple one answer. People do have preferences, and people should feel free to choose what form of sacrifice they want to make, if they want to sacrifice at all to help others. But we can and should heed the advice of our doctors, and our more advanced nutritionists—most of us eat too much, and eat too much fat. The AMA tells us we would all be healthier if we can cut down on animal fats. It should make us feel even better that what we do for our own health also helps extend the world's food supplies—for animal fat in this country accounts for a greater share of our grain products than necessary. and the same products could go much further feeding people directly than in fattening animals.

Our cattle industry is already recognizing this, and turning to more grass fed cattle. USDA is considering changing its grades to put less premium on "larded" or fat red meats.

If we could live just a little less "high on the hog", it would be far easier to help feed millions of people in the world. The peoples of Western Europe and the United States—the higher income areas—should be strongly encouraged to obtain more protein from vegetable sources such as legumes and oilseeds, and consume somewhat smaller portions of meats and dairy products. I know this is a touchy subject, but I think it is a coming trend of the future, particularly for adults—and it would be well to recognize it. New technology has taught us much about how we can get high quality protein from vegetable sources at lower-cost—and all of us are going to have to be looking at how much food value, in the nutritional sense, particularly protein, we get for each food dollar. As you probably know, some five pounds of grains are consumed daily per capita in the USA largely because animal-derived foods require high levels of grain for production. Yet we know that in many developing countries people subsist on one pound of grain per capita per day because they don't have or can't afford much in the way of animal-derived foods. Perhaps we need the help of nutrition education to raise a generation that understands there are ways of having a healthy diet, at low cost, instead of having to seek all our protein from the highest cost sources—just because that has been ingrained into our lifestyles of the past.

Perhaps we all have some re-learning to do, about eating. What has become accepted as the "diet of the rich" may not, in fact, be the best diet for us. Already scientists are reporting differences in disease rates in some primitive African countries with more fiber in their diets than in western countries where we have refined out so much fiber that there has been a rapid increase in certain illnesses in less than a century.

The lessons we have learned in many of our international emergency feeding programs has been to create blends of cereal grains with high-protein oilseeds—giving us both the fiber and the protein, and at the lowest possible cost. We haven't yet really applied many of these lessons at home, because we still think it demeaning to suggest anyone struggling with a tight budget shouldn't have the same food on his table as the rich man has. Perhaps we need to show them we can be smarter than the rich man—healthier, at less cost. We have a lot of pioneering yet to do in this area, but such changing eating habits can make a real contribution to prolonging the world's ability to feed itself, and feed itself better.

While I am talking about considering personal changes in lifestyle, let's also think a little bit about the rest of our consumption. We use enough fertilizers on our lawns and gardens and golf courses to provide for vastly increased food production in India or other poorer countries of the world.

Now, I'm not against an attractive lawn or nice putting greens; but if we want these luxuries for ourselves, we must be willing to share, somehow, in financing development of more fertilizer for where it is really needed—to produce food.

Fourth, and related to the previous point, is cutting out waste.

We waste enough food in this country everyday to feed millions of people in the world. We over-fill our plates, then dump it in the garbage. Airlines overfeed us. We carelessly waste available production of grains and perishable products between the farm and the dinner table in many ways—poor storage, careless handling, lack of protection against insect and rat infestation. While this is true for us, it is equally true for the world. A real campaign against food waste is needed, worldwide.

But the burden is really on us, in this country. We use such a vastly disproportionate share of all the world's resources—food, energy, raw materials, on a per capita basis. It has truly been said that the world really couldn't stand another major country with the consumption habits and patterns of the United States; we would simply exhaust the world's total resources.

We become a bit more conscious of this during the too-short-lived energy crises. It made us conscious of our over-consumption. We turned down our thermostats, and didn't freeze. We cut down, some, on our driving, and didn't suffer. There's no question but that the United States could still maintain the highest living standard in the world with a tremendous saving in food and energy resources by simply eliminating waste, and becoming more conscious that everything we waste was taking away an opportunity for life and happiness from someone else, somewhere in the world.

Don't treat this waste issue too lightly. In addition to what we can do as individuals, we can do much more by encouraging industry and government to accelerate the recycling of waste products and the utilization of now-wasted by-products. Properly treated manures can constitute a useful portion of animal feeds instead of now taking grain out of the mouths of humans. Worldwide, there is a projected production of both animal feed and food grade yeast for a total of 880 million pounds by the end of 1975, mostly from petroleum substrates. Such yeasts contains some 50% protein. Waste cellulose from corn stalks, sugar cane, and other crops can be processed and fermented to produce single cell protein in the form of yeast, fungi, and other acceptable microorganisms. Such systems have the advantage of providing a large biomass of feed and

food within a very limited space, and the substrate is a reproducible crop. Every encouragement should be given to an accelerated development of these single cell production systems, but particularly those based upon waste products.

I have endeavored to highlight a few areas for you to think about in response to your panel question, "What Can I do About the World Food Situation?" Many more could be enumerated.

But if I may, I would prefer summarizing by coming back to the moral decisions we as a people must make.

There's no argument about the need for increasing food production in developing countries, within a wider framework of total economic and social development. The only question is the extent to which the "have" nations will really share with the "have not" nations in getting that job done better than we have been able to do in the past.

There's no argument about the need for continuing long range research into new crop varieties adapted to other areas of the world, about greater research into converting waste products into animal feed or improving our knowledge and ability to prejudge weather cycles and forecast droughts. The research scientists have shelves full of projects that could make a contribution to the problem. The only question is who is going to pay the bill—and for how long are we willing to make the commitment needed?

There's no argument about the need, worldwide, for improved education generally, and improved nutritional education specifically, as part of solving the food problem. But how strongly are the American people going to support Congressional funds for economic development assistance to make that possible?

What is more pressing, right now, is our willingness to share the food we have—now—with those who needed it the most.

Whatever the programs evolved out of the World Food Conference for long-range answers, people are hungry now. Millions of children are suffering from malnutrition, now. More millions will be victims next year as higher food prices make the right kinds of food they need less within their financial reach.

We might as well face it; we are going to need continued direct food aid to millions in the world for many years to come.

All the increased production the scientists can promise us will mean little to people without any money to buy.

We were willing to share our food, generously, when we thought we had more than we knew what to do with. Are we as willing to share some of whatever we have, with people who might need it more?

President Ford committed our nation to expand expenditures for food aid, in his presentation to the United Nations. We're still waiting to see the figures. Are we actually going to provide more food—or just spend more for less food because the prices are higher.

These are very real concerns that must be answered better than they have been answered before our Government stands before the other nations of the world in Rome, and indicates how committed we are—or how timid we are—about tackling the problems of world hunger, for the present and the future.

Our government is still trying to judge the mood and attitude of the American people, before making firm commitments.

Success or failure of this world food conference will likely hinge on the degree of forceful leadership taken by the United States—and, in the long run, what our government will do or will not do will probably be in response to the degree of insistence and concern shown by the American people.

That's where the moral choice comes back to you—to each of us.

Can we really accept for the world, a policy where nations with the most gold can gobble up all the available world food, and, within those nations, people with the most money can gobble up all that is available—leaving nothing but the scraps of our unwanted wastings for the poor and hungry?

Or is mankind wise enough, compassionate enough, rational enough, to devise—together—a better food security system that offers better future hope of a decent diet for all, a chance in life for every child?

That really is our moral challenge confronting us this year—it will be with us for many years to come.

Whatever comes out of the World Food Conference will be a start, a challenge, a trumpeting of the world problem—and a lot of rhetoric from governments. Whether we can turn that rhetoric into action will depend on each government, *after* the conference. And whether our Government does its share—whether our Government really reflects the concern of the American people—may depend to a great degree on people just like you. It will depend on everyone. It will depend on everyone being willing to accept some share of the commitment against hunger, at home or abroad—or answer to their own conscience, and their own God.

CHARLES A. LINDBERGH

Mr. MATHIAS. Mr. President, the press coverage of the death of Charles A. Lindbergh served to remind us of not only an age of heroes, but of one hero whose contributions to his field and to the Nation continued for decades after the limelight had moved to focus on others.

Without belaboring the cliches so often voiced about our Nation, I can think of no finer example than Charles A. Lindbergh of this country's capacity to give full reign to talent and perseverance. Our ability to produce men of genius, not only from an aristocracy but from the full range of our society, and to allow their talents and energy to flower, is one of the neglected secrets of our greatness.

As one who passed through triumph and tragedy in the spotlight, and who pursued his interests and managed to contribute years later when he was denied an official role, Lindbergh earned many times over any final tribute he might have been paid. Yet, characteristically, he chose to pass from us with as little fanfare as possible, on a distant island at the other end of the world from his greatest triumph, with too little notice for elaborate ceremony.

An account of his last journey, carried out under his own instructions, was reported in the Troy, N.Y., Times Record. I ask unanimous consent that it be printed in the RECORD.

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

LINDBERGH PLANNED FOR HIS DEATH AS CAREFULLY AS HE DID HIS LIFE

HANA, HAWAII.—Charles A. Lindbergh, who sparked worldwide excitement with his "Lone Eagle" flight from New York to Paris in 1927, has been buried in a small, seaside graveyard less than eight hours after his death.

The only family members present on Monday when the 72-year-old aviation hero was buried beside the nondenominational Kipahulu Hawaiian Church were his widow, Anne, and one of the five Lindbergh children, Land.

The other four living children of the man who flew out of obscurity with an epic solo crossing of the Atlantic in a single-engined plane were too far away to fly to Hawaii in time for the service.

The eulogy—part of which Lindbergh had written himself—was delivered by a young Protestant minister, the Rev. John Tincher.

Lindbergh penned these words:

"We commit the body of General Charles A. Lindbergh to its final resting place, but his spirit we commend to Almighty God, knowing that death is but a new adventure in existence and remembering how Jesus said upon the Cross "Father, into Thy hands I commend my spirit."

At his own request, Lindbergh was buried in a khaki shirt and dark cotton trousers. His casket of eucalyptus wood was built by cowboys from nearby ranches.

"The Lone Eagle planned his final trip as much as he planned his Atlantic trip or anything else he ever did in his life," said Dr. Milton Howell, a longtime friend.

Howell said Lindbergh died of cancer of the lymphatic system. The pioneer aviator had spent the last eight days of his life in Hawaii after a month-long stay in New York's Columbia-Presbyterian Hospital.

"When he knew he could not recover, Mr. Lindbergh requested that he be taken here from Columbia so he could die. He had made his vacation home here for many years and wanted to die here," Howell said.

In addition to his widow and Land, Lindbergh is survived by sons Jon of Washington state and Scott of Paris and daughters Reeve of New England and Anne Lindbergh Feydi of Paris.

The slim, shy, 25-year-old former barnstormer and pioneer air mail pilot found instant fame and fortune. But awaiting him also was great personal tragedy and dark political denunciation and innuendo.

Charles Augustus Lindbergh was born in Detroit, Mich., Feb. 4, 1902. He grew up in Little Falls, Minn., where his father was a five-term congressman.

Young Lindbergh took mechanical engineering at the University of Wisconsin. But he left in less than two years to enroll in a Lincoln, Neb., flying school. His future was already committed to the skies.

In those early days of aviation, Lindbergh served an apprenticeship as a wingwalker, barnstormer and a member of a small band of hardy aviation pioneers who risked their lives to fly the mail. He bought his first plane for $500.

Lindbergh was lured into his great adventure by a $25,200 Orteig prize for the first transatlantic nonstop flight from New York to Paris. Others before him had flown across the Atlantic, though never alone.

With the backing of a St. Louis group, Lindbergh supervised construction of a Ryan airplane, and in the misty drizzling dawn of May 20, 1927, he took off from Long Island's Roosevelt Field in "The Spirit of St. Louis."

At 122 m.p.h., the young pilot faced 3,610 miles of treacherous ocean passage. To sustain him, he carried a canteen of water and five sandwiches in a brown paper bag.

Showered with medals and honors, "Lucky Lindy" came home to adulation. To promote aviation, he toured 75 cities in what turned out to be one long triumphal parade.

Later, as a goodwill ambassador to Latin America, Lindbergh met Anne Spencer Morrow, daughter of U.S. ambassador to Mexico, Dwight Morrow. They were married on May 27, 1929.

Seeking a measure of solitude, the Lindberghs took asylum in a home built in a secluded section of New Jersey near the village of Hopewell. It was here that tragedy sought out the couple.

On March 1, 1932, their first-born, 19-month-old Charles A. Lindbergh, Jr., was kid-

naped from his second floor crib. A nation that had cheered Lindy's triumph five short years before, now found itself caught up in his grief.

Lindbergh paid a $50,000 ransom. But the baby was already dead, its skull shattered. A truck driver came across the body in a shallow grave less than five miles from the Lindbergh home on May 12, 1932.

Bruno Richard Hauptmann, a carpenter, was convicted of the abduction in a six-week kidnap trial and was electrocuted on April 3, 1936. He had been arrested in the act of passing a marked $10 ransom bill, and $13,000 additional in ransom money was found in his Bronx home.

Lindbergh and his wife fled to England and self-imposed exile. With them they took their second son, Jon, born after his brother's tragic death.

Lindbergh returned in 1939, with America edging closer to the European crisis that led to World War II. He campaigned against U.S. entry, called for a negotiated peace with Nazi Germany and argued that modern airpower precluded any successful U.S. intervention.

Critics demanded that Lindbergh return the Order awarded him by Nazi air leader Hermann Goering.

Eventually, President Franklin D. Roosevelt indirectly questioned Lindbergh's patriotism—denounced him as an appeaser and ranked him with skeptics who urged George Washington to quit at Valley Forge and Northerners who wanted to make peace with the South before the Civil War.

As a result, Lindbergh resigned his commission as a colonel in the U.S. Army Air Corps reserves. Three days after the Pearl Harbor attack, he tried to rejoin but was blocked by Roosevelt.

As a civilian, he quietly joined American forces in the Pacific, teaching flight techniques to Army Air Force combat fliers. Lindbergh himself flew combat missions and shot down two Japanese planes.

Lindbergh's reserve commission was restored after the war and he was promoted to brigadier general.

He and his wife, in continued pursuit of privacy, withdrew to Darien, Conn. He held technical posts with Trans-continental and Western Air Transport, later TWA, and Pan American World Airways.

FAIRNESS: VOLUNTARY AND INVOLUNTARY

Mr. PROXMIRE. Mr. President, Clay T. Whitehead said farewell to Washington and his former job as director of the White House Office of Telecommunications Policy the other day with an interview in The Washington Post.

He had some pointed observations about the Federal Communications Communication Commission's fairness doctrine.

"Fairness doctrine" is a phrase with the ring of Orwellian doublethink. It is really the "unfairness" doctrine by which the Government tells broadcasters what and how they must broadcast while espousing the first amendment's freedoms of speech and of the press.

Listen to Whitehead in his interview with the Post:

> There were some people at the White House . . . who considered the Fairness Doctrine a tool to keep the networks in line.

Whitehead claims, in effect, that he had to play along in order to accomplish his ends of protecting the first amendment rights of broadcasters.

Many people in the White House, he told the Post, blamed him for suggesting the fairness doctrine should be taken off the books. Whitehead puts that in the context of his criticized remarks about "elitist gossip" and "idealogical plugola" in network news in an Indianapolis speech in December, 1972.

I was one of those who criticized Whitehead for those remarks. In fact, that speech was directly responsible for my reexamination of the FCC's fairness doctrine, which I was instrumental in incorporating into the Communications Act.

Whitehead told the Post that those remarks were actually a successful political maneuver on his part to save his Office of Telecommunications Policy from extinction at the hands of highly placed opponents "directly under the President" in the White House.

A few paragraphs of quotation from the Post story flush out the explanation:

"You've got to understand the climate of the Nixon administration then," Whitehead said. "There was the heady feeling of power with four years more and everybody was riding high.

"There were some people at the White House," said Whitehead, "who considered the Fairness Doctrine a tool to keep the networks in line." He declined, however, to name names.

It was at this "heady" time, says Whitehead, that he decided to deliver his Indianapolis speech, which he says he wrote with the aid of Henry Goldberg, now general counsel of OTP ("Those phrases were my phrases, however," says Whitehead).

"I made the calculated decision that the only way to preserve OTP and its mission was to package a program and make it clear to the President, the press and the public.

"I offered a broadcast license renewal bill that was definitely pro-First Amendment and which gave broadcasters relief from FCC program regulation while coupling it with responsibility to the public. At the same time I wasn't going to say everything was hunky-dory with network news.

"The great tragedy," Whitehead recalls, "was that the relations between the administration and the media were so bad, I knew damned well the networks would flail the speech but I thought the broadcasters would support the bill. They did, but not publicly."

Whitehead also asserts that after his four years as a gadfly at OTP his own values are "on the side of the publishing and broadcasting interests."

This report about Whitehead is most revealing, both to what happened inside the White House and how a free press can bring out the facts eventually.

Self-serving remarks aside, Whitehead reveals that not all that appears on the surface is true. Just as in the same Post story, Whitehead explains some of how he and others orchestrated the transition from President Nixon to President Ford and how Mr. Ford would create a public image of a fresh breeze.

I wish I could quote from the transcript of a television or radio show instead of a newspaper. But this is the kind of news-story one is unlikely to hear on radio or TV.

That is because of the fairness doctrine. The fact that this Post news story dealt, in part, with the fairness doctrine helps point up the negative aspects of that doctrine.

In essence, the fairness doctrine requires broadcasters "to afford reasonable opportunity for the discussion of conflicting views on issues of public importance."

Broadcasters would think twice before devoting much broadcast time to a news story about the sword that hangs over their head. Why should they give importance to a public issue over their freedom when it involves their relationship with their controllers?

They know too well from other types of news stories that a complaint to the FCC from a listener can get them into trouble with their license grantor. Even when the broadcaster has handled an issue fairly, defending himself can cause him plenty of trouble in time and money. Sometimes—too many times—it is just easier to forget an issue that is not obviously controversial.

But newspaper and other publishers are free to cover any issue they wish, knowing that they are answerable to no governmental agency.

And newspapers, taken as a whole, cover those issues fairly.

The American free press is one of the most misunderstood blessings of our Constitution. The important word in the phrase "free press" is free.

It means freedom from governmental control.

It does not mean freedom from error.

A free press envisions a free people: an electorate able to decide for itself. A citizenry interested enough in its own future to take facts it garners from the press, ponder them and make collective decisions.

Leaders are elected as the result of those decisions. What is more: it is for those leaders to act after taking into account those decisions of the citizenry, communicated through the ballot box and through individual conversations, letters and wires.

We sometimes forget how dependent we all are on the information we get from the press—printed and electronic.

If we asked ourselves where we obtained certain information, particularly about current events, the ultimate source would turn out to be, in almost every case, the press.

Take but one example: every fourth year on the first Tuesday after the first Monday in November we wait to learn who has been elected President of the United States. Usually around midnight, we know for a fact the name of the President-elect. We are informed of that early by radio and TV. Until a generation ago we found out by standing outside newspaper offices watching chalkboard bulletins.

We, in Congress, have even gone so far as to provide that in the event there will be a new President, money is provided to him to get ready to take over as President the following January 20.

Yet, and this is important, it is not until the new Congress convenes on the 3d of January that the electoral votes are counted and it is officially known who has been elected President. Of course, the electors meet in each State capital about a month earlier, but even then, we would be dependent upon the press to know the unofficial results.

My point is this: the press informs us of many events, happenings, and trends just as important as the election of a President. And we trust that information. We trust it because we know that publishers are competitive, private businessmen whose future in business ultimately depends upon their credibility.

So then, why is the press criticized so much?

The criticism stems from the other important element of a free press that we are prone to forget: that we each put our own interpretations on the information relayed to us by the press.

We are free, after all, to accept or reject anything we read, hear, or see.

We have a tendency to forget our part. We have a tendency to attribute to the press our interpretations of the news brought to us by the press.

That is the basis for that old cliche always heard when a free press is discussed, the one about the king having killed the messenger who brought the bad news.

From the time it was established in 1934 the FCC has put off or kept off the air a total of 105 broadcasters.

Since January 1, 1970, the FCC has revoked or denied renewal of 21 broadcast licenses. When voluntary surrender of licenses and denial or cancellation of construction permits are counted, that 21 grows to 27.

The FCC last week tentatively decided to deny renewal of the licenses of the eight stations operated by the Alabama Educational Television Commission because of discrimination against blacks in programing and in hiring.

It will be at least 2 months before the FCC's order is final, and then it is possible the Alabama agency might retain the licenses because of improvements it has made since the renewals were challenged by a group of people.

Of course the existence of governmental licensing was the reason the Alabama educational television stations have improved. They now have black employees in 10 percent of their positions instead of one full-time janitor and a part-time student, and the stations now use all black programing from the educational network.

Nevertheless, if governmental control can bring good results, it can also bring evil ones. That is why the authors of the Bill of Rights made freedom of speech and of the press part of their No. 1 addition to the Constitution.

The public's right to turn the dial must be the ultimate arbiter of the elecronic media as its right not to buy controls the print media.

That is the public control that should be final.

Also since January 1970, there have been 511 fines totaling $638,275 levied by the FCC. Most of the fines have been for violations of engineering rules and only a handful for political candidate editorials and personal attack. The FCC says no fine was levied for a fairness doctrine violation.

But consider this: no newspaper has ceased publication because of governmental fiat, and none has been fined for the way it handled the news.

If our print media were controlled by the Government, we certainly would have something different. We would have propaganda. We would have a press spreading only the word that the Government would want us to have, keeping from us the news that the Government did not want us to have.

We would not, I contend, have a submissive citizenry because of a controlled press.

Rather, we would have a citizenry that was completely skeptical and poorly informed. A citizenry that would know they could believe none of the news they read and heard.

What we would not have is information we could rely upon—the bits and pieces of fact we could put together for ourselves—in making up our minds. Without information, we could not react very effectively in throwing off such a cruel and suppressive government.

We then would have trouble in exercising that marvelous and seldom remembered part of our Declaration of Independence that says:

> . . . that whenever any Form of Government becomes destructive of these Ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its Foundation on such Principles, and organizing its Powers in such Form, as to them shall seem most likely to effect their Safety and Happiness.

Thank God that we do not need to use that part of the Declaration of Independence today.

Yet, we must always be alert.

And keeping us alert is our—I stress—our ability to interpret the news and information, and, if you will, the opinion, we get in our free press.

The press down through the years has not always been fair. It has become more fair as the citizenry has become better educated.

There is an interaction between the press and the public that is synergistic. The two, working together, can bring results. They can cause government to act.

We are in the midst of one of those occasions now. The state of the economy is such that we all feel the results of stagflation each time we go to the store, try to get a home mortgage, buy a car.

But we learn from the press that this is occurring not only where we live, but everywhere in the country.

Our indignation is causing the Government to attempt to do something about the economic conditions.

Public opinion will not be quieted until something is done.

Like beauty, fairness is in the eye of the beholder.

It is difficult to prove that the press today is more fair than it has been in the past.

Yet we all know of the fairly recent development of op-ed pages in many newspapers. These are attempts to publish a variety of opinions, some that agree with the editorial positions of the papers themselves, but, more important, opinions that do not agree. These newspapers are saying: here is a service we are giving; you can get opinions of various shadings by buying our paper; you need not search for opinions agreeing with your own.

But for the most part, those op-ed pieces are polemical. The writers are trying to persuade their readers.

There was a time when broadcasters were not permitted to air editorials. They may do so now, but not all choose to do so. When they do. they must give the right to reply. This year, the Supreme Court struck down such a requirement for newspapers in a Florida law.

What about the news columns of newspapers?

Most newspaper editors try to make their news columns unbiased and informative.

For example, when one politician accuses another of some less-than-honorable act, the accused is given a chance to answer in the same news story or dispatch. If he chooses not to comment, he is quoted as saying so. If he chooses to comment but not to the point, he is quoted as saying so. If the reporter can not reach him for comment, that, too, is reported.

Most times, the person being sought for comment eventually does comment, and that appears in the paper.

There is one aspect of modern journalism that disturbs some readers: interpretation. They like to equate interpretation with editorializing.

Ethical newspapermen disput that claim. They say that if a political office holder, for example, makes a statement that contradicts an earlier statement without acknowledgement or explanation, then it is the duty of a responsible reporter to write that fact. And it is the duty of a responsible editor to make sure that the fact is reported. It is also necessary for the reporter to seek the reasons for the contradictory statements.

To do otherwise would be to mislead the reader, who is also likely to be a voter. To know of the discrepancy and not to report it would be lying.

Those supporters of the politician, of course, might claim that the paper was being unfair. But it would be unfair to those needing to be informed not to report that fact.

Comment on the contradiction, of course, should be treated in the news columns only by reporting the opinion of other leaders: both pro and con. The newspaper's own comment should appear only on the editorial page.

And that is the way competent newspapers operate. Close reading will show that to be true in most instances.

A radio or television newsman doing that—and many do—leaves himself and his employer wide open to a complaint to the FCC. Since July 1, 1969, there have been 145,482 complaints to the FCC concerning radio and TV programing. Of those, 20,446 have concerned news and public issues other than political candidates. Fairness doctrine complaints totaled 5,966. The equal time provision for political candidates has brought 4,766 complaints.

In fiscal 1974, the FCC had 1,309 fairness doctrine complaints. The FCC says only 94 were referred back to stations for reply, and only 5 of those received "letters of admonition." The letters go into a file for consideration in the event of challenges at license renewal time.

A reasonable assumption is that such power, although infrequently used, must affect the way broadcast newsmen do their jobs.

No newspaper has had to answer to a government agency because of complaints from readers. Newspapers handle complaints direct. When an error is made, it is usually corrected. In fact, more and more newspapers are clearly labeling corrections—and they are doing it voluntarily.

In what other ways have newspapers become more fair and unbiased?

I maintain they have done so by expanding their coverage. There was a time—not too long ago—when we could not read stories about environment and health hazards, such as those caused by insecticides, food additives, previously arcane chemicals. There was a time when we did not see stories about social concerns, such as crime-ridden neighborhoods, venereal diseases, old age, populalation growth, racial relations, school curricula.

Women's rights have been reported since long before the bloomer girls. But now we get searching reports on what women's rights really mean.

The list is endless. But, fair coverage means that problems, advances and experimentation in areas of life affecting all of us are covered in all their aspects.

Another advancement in the cause of fairness made by many newspapers is the ombudsman. The newspapers that use this approach do have variations. There are those who have a readers' editor who takes complaints on the operation of his paper and provides explanations, usually in a column. The Milwaukee Journal uses that method. Others have assigned an editor to criticize the operation of his own paper, sometimes on the editorial page. The Washington Post did that for a time.

The St. Louis Post-Dispatch has hired a reader's advocate to take criticism and suggestions from the public. No law says it must do that.

Many newspapers have demonstrated that they are aware of their public responsibilities and try to meet them.

Nearly all newspapers police their advertising, watching for misleading ads and refusing to run them, even though it means lost revenue. Broadcasters do it because of governmental watchdogs.

What about big advertisers trying to influence an editor, threatening to pull their ads unless some news is left uncovered? That abuse is almost unheard of these days. I suspect the reason is that enough fearless editors and publishers have stood up to such advertisers to discourage such attempts.

Overall, we Americans can be proud of our free press. Errors and excesses could be cited, I know. But the fact remains that the press acts responsibly.

Sensationalism has died out. People will not stand for it in the long run. If you do not think that is true, may I ask: Whatever happened to the New York Mirror with its million readers?

The press of this country has accomplished what it has because it has not been controlled by government. There are not licenses. There are few restraints, other than those dealing with libel and obscenity, and the press wants to live with those.

More than 62 million newspapers are distributed in this country every weekday; another 51 million on Sundays. In addition, there are some 35 million weekly papers circulated. All are free to print what they choose. And, as I have pointed out, do a pretty good job of it.

Yet, the most popular of the mass media, television, and its older cousin, radio, do not have freedom. There are 66 million television homes in the United States. As a number, that is 4 million more than the daily circulation of newspapers.

Each newspaper is read by about 1.4 persons. That means that the country's largest paper, the New York Daily News, has a readership of just under 3 million.

A poorly rated network TV show will have several times that many persons watching it.

But the Daily News can print anything it likes and no governmental agency can dictate to it. That is not true of the Walter Cronkite news show, or the NBC Nightly News, or of the local news show in your hometown.

TV and radio broadcasters have the FCC and its fairness doctrine to contend with. By law, they must be fair.

Are not newspapers fair without governmental control?

I think I have demonstrated that they are.

And, I contend that radio and TV would be fair without governmental control.

There is no reason why the first amendment should not fully apply to broadcasters as it does to publishers.

If rights of free speech and of a free press are so sacred as to have been preserved consistently by the courts, why is it that broadcasters have not been successful in obtaining those same rights fully?

Newspapers in the last few years have beat the Federal Government in the Pentagon papers case—although some will argue that—and a State government in the Miami Herald case. The Supreme Court has given only lipservice to the first amendment when it comes to broadcasters.

Is not governmental control of electronic journalism just as dangerous to the freedom of the Republic as control of print journalism?

The President cannot command the top line of all the newspapers in the country by announcing to editors that he is going to speak. He may obtain prime time on all network radio and TV stations and many nonaffiliated stations merely by having his press secretary announce he is going to speak.

He could do the same thing to newspapers if they were licensed. Still, the free newspapers print fully and fairly what the President says.

Freedom of the press is defended for newspapers. Why cannot it be defended for radio and television?

I say that it can.

Mr. President, I intend to give more speeches on this subject before introducing a bill to eliminate the fairness doctrine and the equal time rule.

A TRIBUTE TO CHET HODGE

Mr. RIBICOFF. Mr. President, one of the most beloved men of the Nayaug section of South Glastonbury, Conn., is Chet Hodge. He has been employed at Gardiner's Market for many many years, and is retiring on October 12, 1974. During his years at Gardiner's, he has won the respect and admiration of the people of the community. His customers are having a 3-day celebration which includes a parade, square dance, lawn party, band concert, and church services of all denominations throughout the town because of his loyal service to the people of Nayaug.

I, too, join in congratulating Chet Hodge and his loyal customers who hold him in such high esteem.

TO SAVE THE DEPOTS

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that an editorial from the Wilkes-Barre Times Leader on the use of railroad depots for art and cultural centers as part of the Bicentennial be printed in the RECORD.

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

TO SAVE THE DEPOTS

At one time, every community of any size had its own railroad station. Northeastern Pennsylvania was dotted with them. Some were tiny, others large; but they all had a couple of things in common. They were well built and conveniently located, usually near the center of town. The larger ones were often superior examples of period architecture.

With the decline of railroad travel, many of the stations have been abandoned and about half of the 40,000 depots built in the United States between 1830 and 1950 have been razed. Most of the others are in various stages of deterioration. The fact that they were so well constructed probably accounts for the fact that many might still be rehabilitated and made available for other uses.

Over the years, community-minded organizations in various parts of the country have tried to preserve some of the old stations as historical landmarks. They have been successful in such metropolitan centers as Indianapolis, St. Louis, Chattanooga, and Duluth.

Some years ago, an effort was made to save the Central Railroad of New Jersey station in Wilkes-Barre because of its interesting architecture, but interest flagged and the building now stands in the middle of what is to become an industrial park. It may soon fall to the wrecker's ball.

But there are probably quite a few stations in this part of the Commonwealth which could be saved, and which would make excellent community centers.

Toward this end, Senator Hugh Scott has introduced a bill to make unused depots available to communities for art and cultural centers as part of the bicentennial observance. Sen. Scott's proposal is similar to a measure introduced in the House by Rep. Frank Thompson, Jr., of New Jersey, which would amend the National Arts and Humanities Act of 1965.

If the Scott-Thompson proposal is successful, those communities which are prepared

to act will have the best chance of obtaining federal help. A necessary step in this direction would be to identify depots that might still be saved and converted to community center use.

This task falls naturally to regional historical societies and organizations of railroad buffs often associated with them. It is to be hoped they will not miss a new opportunity to contribute toward preservation of landmarks which Sen. Scott calls "unique expressions of American culture."

DEFENSE APPROPRIATIONS CONFERENCE REPORT: STOKING THE INFLATION INFERNO

Mr. MOSS. Mr. President, yesterday, the Senate passed, on a voice vote, the conference report making appropriations for the Department of Defense. I think it is reprehensible that we approved the final version of this legislation—the largest single appropriation bill in our history—without significant debate. We should not have passed a bill making such extravagant expenditures during this time of inflationary crisis.

The Defense Department has now been given $82.56 billion to spend in fiscal year 1975. That is $3.6 billion more than last year, and $478.4 million more than the Senate bill approved.

This bloated appropriation cannot be justified on the grounds that the entire amount is necessary to the national security. The Defense Department budget which we have now approved is, as usual, replete with pork barrel politics which in no way relate to the strength of our defenses. I cite as one flagrant example, the restoration of $205.5 million for the purchase by the Air Force of 12 F–111F aircraft which the Air Force does not even want to buy.

It is a painful irony that President Ford, who must share in the blame for the mistake we made yesterday, and Members of the House and Senate who profess themselves to be both fiscal conservatives and deeply concerned about the security of our Nation, have acted to undermine our security by further weakening the economy with an inflationary Defense budget. Let there be no doubt on this score: overspending on military hardware feeds the fires of inflation, weakens the dollar, and, by jeopardizing the economic health of the Nation, diminishes our financial ability to maintain a strong national defense over the long haul.

We should not forget the words of President Franklin D. Roosevelt in his 1944 message to Congress:

> We have accepted . . . a second Bill of Rights under which a new basis of security and prosperity can be established for all—regardless of station, race or creed. Among these are: The right of a useful and remunerative job in the industries or shops or farms or mines of the Nation:
>
> The right to earn enough to provide adequate food and clothing and recreation;
>
> The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
>
> The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;
>
> The right of every family to decent home;
>
> The right to adequate medical care and the opportunity to achieve and enjoy good health;
>
> The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;
>
> The right to a good education;
>
> All of these spell security.

Mr. President, this Defense Appropriations Act was the wrong bill at the wrong time.

THE 25TH ANNIVERSARY OF INTERNATIONAL CHRISTIAN UNIVERSITY

Mr. ROTH. Mr. President, this coming month International Christian University in Tokyo, Japan, will be celebrating its 25th anniversary. The renowned theologian and author, Dr. Norman Vincent Peale, has said of this unique university that—

> I know of no more creative Christian enterprise in the education world than the International Christian University.

In its short history, ICU has become one of Asia's premier institutions in higher education. With students and teachers from more than 20 countries over the world, it is a great experiment in international education and understanding, helping to bridge East and West by drawing on the best traditions of both.

The Japan International Christian University Foundation is supported by a number of U.S. denominations including the American Baptist Churches in the United States, the American Lutheran Church, Christian Church—Disciples of Christ—the Council of Community Churches, the Episcopal Church, the National Baptist Convention, U.S.A., Inc., Presbyterian Church in the United States, Reformed Church in America, Religious Society of Friends, United Church of Canada, United Church of Christ, the United Methodist Church, and the United Presbyterian Church in the United States.

Henry Adams once wrote that—

> A teacher asserts eternity; he can never know where his influence stops.

What is true of a single teacher is multiplied many times in a great institution such as International Christian University. ICU is one of the many centers of higher education the world over which are contributing to a brighter tomorrow.

ADJUSTMENTS NECESSARY FOR U.S. AIRLINES

Mr. PROXMIRE. Mr. President, even though I strongly opposed the requested bailout for Pan American World Air Lines, there are a number of adjustments that should be made to assist U.S. airlines.

First. I have noted with approval the decision to raise the international mail rates 20 percent. This still is lower than the fees the U.S. Government pays to foreign carriers but it does present more of an equitable fee schedule.

Second. I am encouraged with the agreeements reached with the United Kingdom and other North Atlantic route governments in reducing the number of flights along this overused corridor.

Third. I hope that the other points of the Department of Transportation recommendations can be quickly implemented including legislation to rectify the varying landing fees which have an adverse impact on U.S. carriers.

I urge the State Department and the Civil Aeronautics Board to take strong measures to bring these landing fees into line or seek to apply corresponding pressures on the offending governments.

If the Federal Government can move on enough of these critical issues this year, Pan Am and TWA may be able to avoid complicated reorganization on other equally severe measures.

Mr. President I ask unanimous consent that an article appearing in the September 25 issue of the Washington Star-News be printed in the RECORD.

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

[From the Washington Star-News, Sept. 25, 1974]

UNITED STATES ACTS TO RAISE FEES ON INTERNATIONAL AIRMAIL

The Ford Administration, making good in its promises to help financially strapped Pan American World Airways—without providing federal subsidies—has asked the Civil Aeronautics Board to raise the rates the U.S. Postal Service pays for international airmail.

Meanwhile, in other developments in the Pan Am situation:

The CAB ordered a 20 percent increase in rates paid to the U.S. International airlines for carrying military mail on a space available basis in the transatlantic, transpacific and Latin American areas. The raise would be retroactive to May 26.

Pan Am reported an August profit of nearly $4.4 million, or 11 cents a share, down from $9.4 million and 23 cents in August 1973. . . The company—which now has a loss for the first eight months of $28 million compared to a $4 million loss during the first eight months of last year—placed the blame on a 155 percent increase in fuel prices in the past year.

In a letter to CAB Chairman Robert D. Timm, Undersecretary of Transportation John W. Barnum wrote that the present rates for transportation of international mail have been basically unchanged since 1968 despite substantial increases in airline costs. Further, he said, present rates don't reflect the substantial increases in fuel and other costs since then.

As a result, he said the CAB should expedite a decision to determine promptly the final international mail rates so that U.S.-flag airlines will receive "fair and reasonable rates" to which they are entitled.

Barnum's letter was accompanied by a motion by the Department of Transportation urging speedy redetermination of mail rates which it says are now below the airlines' costs of carrying mail.

Until final rates are determined, the Barnum letter and DOT's motion ask that the CAB should determine a temporary rate that would go into effect immediately. The final rate would be made retroactive to March 8, DOT said.

Aviation industry figures say that while U.S. airlines receive 31 cents a ton-mile for international mail, foreign-flag airlines, paid under different standards—receive up to $1.73 a ton-mile for first class and 57.7 cents for other classes. The differential cost U.S. flag airlines about $68 million last year, according to industry figures.

Support for higher international airmail rates was the administration's second move within days to aid Pan Am. Last week it announced agreements with the United King-

dom and other foreign governments to cut flights on the North Atlantic where airlines have been losing money because, they contend, there are more available seats than there are passengers.

A BUSINESSMAN AND ART COLLECTOR

Mr. HARTKE. Mr. President, University magazine, the Princeton University quarterly, published an interview with a dear friend of mine, Norton Simon, which brings out the outstanding character and self-made determination of this fine American.

The Norton Simon, Inc., Museum of Art has a primary objective of collecting and exhibiting major works of art throughout the United States. Mr. Simon's definition of art is,

". . . a communication channel that can take people and open them up in a unique way. Art can start getting people to look at themselves which is important since one of our prime problems in society is the need for introspection. Art can help us not only look at ourselves, but also it makes it possible to see others with greater sensitivity and insight. It is particularly useful when cultural barriers are involved. The more we are exposed to the art of other countries, the better we are able to understand and communicate with the people from whose culture the art comes.

The encouragement of public understanding and participation in the arts by the Congress and Government leaders will enrich our society. That is the faith of Norton Simon. Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks the interview with Norton Simon by William McCleery appearing in the spring 1974 issue of University.

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

[From University Magazine, spring 1974]

A BUSINESSMAN AND ART COLLECTOR TALKS OF ART (AND BUSINESS)

(By William McCleery)

Wandering wide-eyed through an art museum in which outstanding paintings and sculptures are being exhibited can arouse a variety of feelings in the wanderer, including curiosity. Curiosity about the person who put the collection together is perhaps an over-journalistic response to art, but it is one that kept recurring to this reporter each time he visited the exhibition of more than 100 works from the Norton Simon, Inc. Museum of Art collection, now in its second year of display at the Princeton University Art Museum.

Who, we wondered, is this Norton Simon?

We knew from reading the catalogue that the exhibition would not have been possible without the support of the Directors of Norton Simon, Inc., and its present chief executive, David Mahoney; and without the help of Robert S. Macfarlane Jr., President of Foundation Funds of Norton Simon, Inc. [The relationship between NS, Inc., and the NS, Inc. Museum of Art, and The NS Foundation is described in the box on p. 10.] Still, one man—Norton Simon—had dreamed up the idea of a corporation's supporting the collecting of art through a foundation and the showing of it in university and other museums; one man had decided what works to buy for the collection being shown at Princeton, and two other collections of comparable size. What kind of man would that be?

A visit to the library told us that Norton Simon is 67 years old, a native of Portland, Oregon, son of a small department store owner who lost most of his money in the 1921 Depression; a dropout from the University of California at Berkeley (after only six weeks); the amasser of a small fortune in the tomato products business, which he built into a large fortune, the basis for the approximately $100 million which went into art through personal and foundation collections; and the builder of the consumer goods conglomerate Norton Simon, Inc., which at the time of his retirement in December 1970 owned not only several food companies such as Canada Dry Corporation, Hunt Foods, and Wesson Oil, but enterprises as inedible as Ohio Match, Fuller Paint Co., Glass Containers Corporation, United Can Co., McCall Printing, *Redbook* magazine, and Talent Associates.

All of which only whetted our basic curiosity: What kind of man has the toughness and aggressiveness to self-make it so big in the business world, and, at the same time, the sensitiveness and taste and perceptiveness—and the desire—to assemble an art collection of such beauty and variety?

With these and other questions in mind we wrote to Simon in Los Angeles and asked to interview him for University when he was next in Princeton for a conference with The Art Museum staff or a meeting of the Board of Trustees of the Institute for Advanced Study, of which he is a member. Though he gives relatively few interviews, he seemed interested in the question we proposed, and so, on a Sunday morning in late winter, we were shaking hands with him in the lobby of the Nassau Inn where he had stayed overnight: a tall, rangy, fit, western-looking man with curly graying hair, wearing a white turtle-neck sweater, light gray flannel trousers with matching jacket of unusual design, rather like a battle jacket, the effect California-casual and springlike for a bitter, sleeting New Jersey day.

We had expected to talk with Simon in a suite upstairs, but he began peering around the lobby for an unoccupied corner and we recalled *Time's* having said of him "He lives modestly except for his art, will search the streets for a restaurant where he can eat for $5." It occurred to us that perhaps he didn't have a suite. (We learned later that he did, but that Mrs. Simon, the actress Jennifer Jones, was traveling with him.) In any case, we ended up downstairs in the tap room, deserted on a Sunday morning, seated at a large round oak table scarred with initials of Princeton undergraduates long gone, a faint odor of last night's beer lacing the air, and as background music the sounds of a quiet bartender getting set for the lunch trade.

One tends not to bandy words with a man worth millions, no matter how casual and unpretentious he may seem, and we would have put our first question at once, but Simon expressed interest in a new book, of which this reporter is co-author, on the need to revive U.S. rail passenger service, and he volunteered that he would be attending hearings in Washington the next day on proposed new railroad legislation. He said that as a director of a major railroad for 22 years—first of Northern Pacific and later of its successor-by-merger, Burlington Northern (from whose board he has now resigned)—he had been appalled by bad management practices in railroads generally, and by the ineptitude of the Interstate Commerce Commission. He said the U.S. railroad industry was one of his chief concerns, and he felt the general public had no idea how incompetent and in some cases corrupt the lines were. He expressed the need for "exposure" of the ugly truth about U.S. railroads with such feeling that we recalled Steven V. Roberts' writing in the *New York Times* that Simon was "something of a cross between two men he deeply admires, Ralph Nader and Charles de Gaulle."

Our conversation would work its way back to railroads, but since time was short and the subject was, after all, *art*, we took advantage of a pause to ask that first question: Why had he chosen to exhibit the collections of the Norton Simon, Inc. Museum of Art principally in university museums such as Princeton's and city museums such as Houston's, which had Rice University and Houston College nearby?

"Originally—I got started collecting twenty years ago for a new home and I became involved with a museum in Los Angeles; but I was also involved with universities—I've been on the Board of Regents of the University of California for thirteen years—and I discovered you get different reactions to art at schools."

Simon does not always speak in that style—sentences that start in one direction, dart off in another, before finally answering the question—but he often does, giving the impression of a man with tremendous vitality, more interested in concepts, and in getting the truth said, than in forming neat sentences. He sat his captain's chair in a rather relaxed slouch, but his hands were nearly always in motion, rapping the table edge for emphasis, tugging an ear, rubbing his cheek.

"All art museums, of course, attract students and academics, but not with the same interest and motivation of those at colleges. I don't mean to be denigrating, but art does seem to attract pseudo-intellectuals. Many around art museums live the lives of pseudo-intellectuals. There is enough power in great art to take many of the pseudos and convert them, but in a good university there is more concern for the *why* of art; more searching for truth and for the meanings of things."

He contrasted the showings of his collections at Princeton with showings at non-university museums. At the latter "there was a phony element, too. Oh, I suppose you get some of that in a university museum, too, but there you get much more *trained curosity*, on the part of young people—students—and academics; more dedication and freedom to dig for the reality of art, what it's all about. And even the non-academic people who come to a university museum seem to take on some of this searching quality from the ambience of the university."

Moreover, many of those who study art in a university museum, he said, go forth as teachers or scholars or museum administrators to spread the truths they have discovered.

"I believe that a meaningful search for new understanding creates an interest in art that can be communicated to a much broader audience. It keeps the art *living* in the sense that to be deeply interested in a particular picture, and find out something new about it, from looking at it differently, contributes to an understanding of what the creative element is all about." He shook his head. "This is hard to intellectualize."

In this day of enormous prices for great art, he said, "the financial element in the art world is a distortion factor; but it has always been there, the price getting in the way of an accurate appraisal of the aesthetic value of a work. It seems more distorting today because the numbers are larger, but these things are relative."

We asked whether knowing that the art he collected would be exhibited in university or university-connected museums, and subjected to the kind of scrutiny he favors, affected his approach to collecting.

"No."

Did it add to the pleasure of collecting, now and retroactively?

"Yes." He nodded emphatically. "My reason for being in Princeton today is to see a work which I bought at an auction in London one or two years ago but have never

seen exhibited in public—a fourteen-century Italian altarpiece by the Paduan painter Guariento di Arpo."

It is being shown for the first time in America at the Princeton Art Museum and we had seen it a few days earlier: a large—perhaps five feet high, six feet wide—piece depicting "The Infancy of Christ and the Passion" in a series of 24 panels, all set in a single gold-leaf frame, a large part of which is known not to be the original frame.

"We know the arrangement in the frame is not right; or rather, it may not be." He said an entire book had been written about that one painting, but he felt sure that scholars and students seeing the painting at Princeton would not only benefit from studying it but would answer significant questions about it which are not answered in the existing book, particularly about the arrangement of the panels. "The uniqueness of the altarpiece makes it a delight to look at and study."

He referred to the scholarly work done by Millard Meiss of the Institute for Advanced Study on another group of paintings which he had acquired and which had been lent by The Norton Simon Foundation to the Princeton Museum—two fifteenth-century panels painted by Filippino Lippi of *Saints Benedict and Apollonia* and *Saints Paul and Frediano*.

"I think that connecting, trying to connect, the whole body of art, and trying to understand the aesthetics of it, sheds light on the nature of the human spirit, makes it more tangible."

He did feel, then, that great art is not only an evidence of civilization but that exposure to it has the effect of civilizing people?

"Art has the ability to—for example in the 1960s when young people were revolting on the campuses because of Vietnam, they were groping for something. They went to extremes, using the filthiest language they could think of, they went in for pornography. I think they were trying to break through—it was a strange way to do it—but I say it partly as a search for meaning: the kind of meaning that art, in other circumstances, can help to supply. Art—aesthetic feeling—has a tendency to pull things together at times like that, to accentuate the creative side of man. How do we get people to—we see all around us the struggle of demagogues, and the 'I'm-not-a-crook' mentality—how do you bust through all that and get to something that's positive?

We began to perceive those mini-karate chops of index fingers against table edge as the gestures of a man very intent on busting through.

Elaborating on his view that art can help to civilize man, if it is respected and understood, he said it was important that people see art as connected with the rest of life and not as a thing apart. He said a book that had meant a great deal to him was Jacques Mritain's *Creative Intuition in Art and Poetry*. "I used to have discussions—I was just getting started collecting—with someone I knew well who tried to isolate artists as a particular kind of human being, far above the more mundane people like businessmen. We used to argue about the phoniness in the contemporary art world. I liked what Maritain wrote about beauty in a bridge, or an airplane; about how a certain beauty goes with function; and how the same object often has the ultimate in both."

Simon's enthusiasm made him seem younger as he talked; made us feel younger as we listened. We said we could begin to see a similarity between the way he looked at art and the way he looked at the railroads; the same urge to "bust through" to the truths that lie under the surface. Was that far-fetched?

"No," he said, "Not at all. I think there *is* a correlation between an abstract element in art and an abstract element in business and politics. It's funny to me how all bright money men try to find the answer. They put theories together and the theories fall down because there is something abstract that is more controlling."

By "abstract" did he mean—?

"A larger, under-the-surface meaning."

And in business and politics, what was this?

He tugged at his ear, frowned over how to say this, finally said, "The real thing is the human quality. What is man? What does he do? What can be done to make his life better and give it more meaning? It's an abstraction."

He tried again, starting from another point. "If you look at the paintings of the fifteenth century, or the sixteenth, what we now call abstract art was the farthest thing from their thoughts, and yet when you examine the great paintings carefully, they do have an abstract element in them. An ability to communicate not just with our minds but with our senses; to state truths that can't be said in words. My wife is not interested in religious art because she has a resistance to religion, through over-exposure to it in childhood, but I say to her, 'I don't see the religion in it. There's an abstraction in it. The iconography is secondary to the artist's *feeling*.'

"When I first began collecting art I would often turn a picture upside down and sideways, look at it that way, to try to evaluate—to take the *literal* meaning out of it. Not all pictures have under-the-surface meaning, the ability to communicate with something deeper in us than our literal, conscious minds. Before photography, both the pseudo-artist and the almost-artist could be promoted into a kind of frame by dealers, and enjoy success for a while, because of the literal content of their work. But it turns out to be phony, in time, in comparison to the work of the good artist. Sometimes it's damned hard to distinguish between the two, though, because everyone who views it has a certain amount of the phony in him along with a certain amount of the real. It takes a lot of hard *looking*."

And did seeing the truth about, say, business and political matters require the same kind of hard looking—even to the point of turning them upside down and sideways?

"In a way, yes. The main trouble with straightening out the railroads in America is that they're covered with so much rubbish you can't easily see what the hell the problem is, let alone solve it!"

Rubbish of what kind?

"Inaccurate accounting practices that are accepted or hardly noticed because they've been going on so long; preoccupation of railroad managements with other businesses they own; wrong relationships between government and railroads. Finding the truth about railroads is like trying to find the real truth in a representational painting which has been around so long you can't really *see* it.

"In business, what you have trouble getting at is the motivation of people who keep it in the status quo; who fight to resist change. Why? Why do they hate to do anything new?" He paused. It apparently hadn't occurred to him that not everyone, even in positions of power, has Norton Simon's intellectual muscle and love of seeing things in new ways. "But," he said, "I'm not pessimistic."

Did he mean that he thought his own way of seeking truth by looking at business and political matters upside down and sideways might eventually prevail?

"I don't want to push that image, but—" he began again. "We have to break old lines of communication and get new lines open. In business as in art we have to break the purely representational line, look at things in a new way. In the railroads it's a phony idea that there is real competition and that this makes them healthy, and we have to look at them in such a way that we *see* that. We need something that undercuts the established form of—it took de Gaulle to help straighten out some of the traffic in Paris, you know.

"The problem is entrenchment. Look at the history of art." He referred to the famous New York "Armory Show" of 1913 which was an "organized semi-rebellion against entrenched standards and styles; but not so alienated that it didn't fit into the establishment. And it did have significant influence."

We said the suggestion that we need a semi-rebellion in this country—to straighten out the railroads and a few other enterprises and institutions—was surprising, coming from an avowed capitalist, an ardent believer in free enterprise, and a registered California Republican.

He nodded. "People who try to get *moderate* change are up against—when you try to get reform within the system, you say to yourself, 'I'll play a little of their game rather than try to find and follow the Lenin in our society.' When you're up against the demagogues you may even have to 'demagogue it' a bit yourself. But I believe times are changing, *people* are changing. We are beginning to look at things in new ways. There are encouraging signs that foreshadow significant change, just as artists often foreshadow what will happen in society. The first abstract painters, many of them failed then, or had to struggle hard for recognition, because the times were not ready for them. Abstract is 'where it's at' now in art, but we forget how long it took to arrive."

Getting back to the abstract element in business, he had called it "the human quality." Would he spell that out?

"Spiritually—in a broad sense—one reason I'm working to improve the railroads is that I'd like human beings not to have to be traveling like cattle. I'd like to see their possessions—freight—moved expeditiously and economically. You have a certain respect for human beings; you want better things for them. I think that is an aesthetic. And that's the *core* of my concern about the railroads."

Clearly he thinks that exposing people to great art is a means of serving them? He nodded. And that doing so in a university museum is an especially effective means? Yes. And clearly he thinks it appropriate for a giant company such as Norton Simon, Inc. to support this kind of service to both higher education and people, even when there can be no direct, material reward to the corporation? Yes. Did he feel that other corporations might be influenced by this example of generosity he had set?—or helped to set, since obviously he had the support of others in the corporation to bring it off?

He thought that over, oblivious to a sudden racket at the bar, of ice cubes being dumped into an empty metal bin. Lunch time was closing in.

"Anything one corporation does for education—there is always the hope it will influence others. The important thing in my mind is that when a corporation does something of value for a college or a university, without expecting any direct return, it creates a certain respect, subtle or otherwise, on the part of youth—the students—and the scholars—the people who are searching—between them and the corporation; and a certain deserved respect for our free enterprise system.

"Corporations are searching for achievement—ways of recognizing and encouraging achievement—in supporting anything, research in art, in medicine, whatever. It's just plain good business for a pharmaceutical

house or a manufacturer of medical instruments, for example, to support medical research. It's clear what they have to gain. Oh, they may be helping mankind, but they're lining their pockets at the same time. So it's clearly good business. But for a consumer company—an automobile manufacturer, say—to support medical research, now that calls for a different, more humane, kind of motivation; a belief that those who can afford to do it have an obligation to try to make life a bit better for mankind even if the corporation has nothing to gain directly."

He referred to a series of advertisements of several years ago which the Container Corporation of America published in magazines, as low-key advertising: good color reproductions of the work of mainly unknown contemporary painters. "Of course they were accused of wasting the stockholders' money, and management was accused of having their own egos involved. Well, of course people's egos are involved in just about everything they do. You're interviewing me, you'll try to make my views clear to your readers, you want to do a good job, but you want to get credit for it, too, don't you? There's nothing wrong with that. The question is whether the things a person does partly for ego's sake also benefit mankind."

Didn't a corporation always have something to gain from improving its image?

The word "image" bothered him. "I think 'improving the image'—some people go all out—'improved image': what does that mean? The image has to come out of the truth of the person or the institution. I think you get greater returns if you cast your bread upon the waters not expecting to get your bread back. If your motive is *only* to improve your image—it's that thing of abstraction again. Some of what you do as a person or a corporation you ought to do out of a love of doing it. If what you are is positive, is on the side of man, then what you do for the love of doing it may 'improve your image,' but if you demand a dollar's worth of benefit for every dollar you give to good causes, that can have a crippling effect on the spirit of a person or a corporation. And in the end it won't 'improve the image' and it won't be good business."

But, we asked, how does a corporation sell that kind of philosophy to its stockholders?

"America is at a point where we have enough food and shelter, even though it may be inequitably distributed. We have to aim now toward having a better society; one that will be more sensitive and more equitable. If you operate a company, no matter what kind, you ought to have as your objective better living for more humans. Some of your profits ought to go into making a better society, because not to do this is to be selfish, and selfishness is uncreative in a person or a business.

"I have to admit that as a businessman my motivations were in conflict. I was acquisitive—in the food business I got no greater satisfaction than looking around and seeing what I could adopt from other companies—ideas and practices—to make my business more successful in money terms. I was in conflict because I wanted more dollars *and* the creative satisfaction of doing more to serve society. But on the other hand the dollars made it possible to be more creative.

"It's natural in our society, in man himself, to be acquisitive. But after our basic physical needs—for food and shelter and so on—are satisfied, we want status, and power. Henry Kissinger does things that benefit mankind, but he can't be unaware of what he's doing at the same time for his own status.

"When we're younger one of our main drives is for identity. As we gain maturity we change our motivation a little. I sometimes wonder—Princeton, with its last fall's losing football season would be a good example—when you see recent comments, some of Nixon's people seem to have gotten away from the old idea that 'it's not just winning, but how you play the game.' It makes me think that within sports too much emphasis is put on the 'win' conception. Even though I'm a Regent of the University of California I'm not sorry to see the UCLA basketball team knocked off once in a while. It may help to remind them what the game is all about. The great part of American sports has always been teamwork."

And since "the great part" of American business and politics was serving people, for a corporation occasionally to do something that simply did this, without any clear and certain profit to the corporation, might serve to remind it of its true purpose?

"I think so."

Did he, as an extremely successful businessman, feel that exposure to great works of art contributed to a person's ability to solve problems, to cope with the world?

"In a way." He thought it over, and replied characteristically; that is, at first seeming to have changed the subject, and then looping back with a direct answer that made the first part of his reply fall into place. "Business is highly psychological. During my last twelve or thirteen years as a businessman I experienced greater achievements as a result of making more use of psychologists and sociologists than any other business I've heard of."

Did he mean that he used them as consultants to "psych out" consumers and improve marketing procedures?

"No, I mean in the management of the corporation; in getting the best from the top executives through a better understanding of the need for such people to express themselves and participate."

Would he spell that out?

"There would be seven of us around a table, arguing—"

About whether to acquire another company? That sort of thing?

"Yes—with a psychologist sitting there, observing, listening. And sometimes a sociologist."

To make some kind of report afterward?

"Or even to speak up during the meeting. To make a commentary on the quality of the argument; on the extent to which personal egos might be entering into the argument; to point our personal and social considerations we might be overlooking.

"Art, too, is highly psychological, and so my answer to your question is Yes, from really getting inside the works of art a businessman, or anyone, can improve his understanding of himself and others and make better decisions.

"Don't forget that a precursor of Freud was Rembrandt, who did sixty or sixty-five self-portraits. Maybe in the early years he did it just to have a model, but then you can see him studying what's going on inside himself and trying to get at the truth of that in later paintings of himself and you see it in his paintings of other people, too."

Tried to look into himself and other people, did he? And paint what he saw under the surface?

"I don't know how consciously—probably it was mostly unconsciously. *He painted what he saw*, period. But what he saw—as he grew older he simply *saw more*; saw beneath the surface.

"For a long time, in business, I overemphasized, in dealing with other people—I would ask 'How bright is the guy? How much does he know?' From involvement with art I learned to ask different questions. 'What are the feelings of the person? How does he express them?'

"There are plenty of examples of damned bright men in business and politics who have made fools of themselves because of a lack of understanding of human feelings."

If men and women in business and politics spent more time communing with great artists, through their works in museums, would they be less likely to commit some of the dumb and dirty tricks which have come to light recently?

He shook his head.

"To relate it that tangibly sounds almost wrong. Does going to church improve a person's behavior? Not necessarily. You can be pious as hell on Sunday, and exploit people all week, and then go back and be pious again on Sunday. I can conceive of people spending a lot of time in art museums and being as screwed up as they were to begin with."

But if they go under the surface of the art and really did commune with the artist?

"I don't see how anybody could do *that* without being better for it, if he really *did* it. But people can be very phony about art.

"To me an art museum is a kind of church; a source of deep truths and spiritual experience. If a person gets the human understanding in art—gets it not just intellectually but in his unconscious and subconscious—it can have this effect. But there are people who have a great intellectual understanding of art, and still it's hard for them to—it becomes an intellectual exercise. But even with them, probably more gets through—to the unconscious and subconscious—than they realize."

He had been leaning forward, speaking with fervor. Now he sat back and smiled, as if at himself, ironically, and commented on his own philosophizing: "Art has a lot to give, but I think you can get there without art at all." By "there" he clearly meant the truth about life and oneself.

As we walked back up to the lobby he added, "I'm a skeptic about art. Not about *art*. About the phony in the world of art; about people using it."

We asked if he ever regretted having run for the Republican nomination for the U.S. Senate in California, in 1970, against George Murphy.

"No! I learned a hell of a lot! It was one of the great experiences of my life. George Murphy was a fundamentally nice sort of guy, but was captured—his experience foreshadowed—it bugged me a lot—it was a kind of precursor of Watergate. That is, it was disclosed that he was being paid, was on the *payroll* of Technicolor, which like any big company had things to gain from a political connection like that. Actually, it was relatively innocent compared to the sort of political payoffs that have been uncovered since, but the Los Angeles *Times* ran an editorial saying he was not fit to represent the state any more, so I was persuaded at the last minute to run against him. Nobody expected me to win, least of all me, but we thought I'd be able to undermine the right wing Republican organization. I got more votes than I dreamed I would and I got some exposure for the case against Murphy and he was more easily defeated [by Democrat John Tunney] in the election.

"My interest was in the *exposure*, and that's my interest in the railroad mess; to try and expose it so that people can see it the way it is, which is far worse than it has been shown so far, or than they ever imagined."

So: Norton Simon, retired businessman, is in the business of encouraging people to look with a new, piercing intensity at art, at themselves, the railroads, at everything that matters. We came away with our curiosity not satisfied but appeased, convinced that ar. and higher education—which thrive on har , rubbish-removing scrutiny—are lucky tc have such a friend; and the entrenched status quo deserves such an enemy.

HEALTH CARE FOR RETIRED MILITARY

Mr. MATHIAS. Mr. President as we approach the time of decision on the direction of our national health care efforts in the years ahead, I have found myself increasingly concerned with trying to hear from all concerned with the problem, the professionals, the educators, and the citizens who in this context are described as "health care consumers."

If we now confront, as I believe we do, a major turning point, it is vital that we consider as thoroughly as we can foresee the effects of the various alternatives on the many groups concerned.

In that light, I would like to call the attention of this body to one group, military personnel and their families, who traditionally have been able to rely on the Armed Forces to provide complete medical service, during the years of active duty and in retirement as well.

Indeed, the security of knowing that such support is available to meet serious personal and family health crises has long been accepted as part of the compact which constitutes the basis for a career-long association of men and women, who have given their working lives to an Armed Forces which was often unable to compensate them in terms of personal safety, comfort, or stability of location or assignment.

The current issue of the Retired Officer includes an article which addresses the problem of health care and the military retiree. It raises questions which I feel deserve good answers before we give our active or passive endorsement to any sudden revision of what has been a valuable inducement toward a military career. I ask unanimous consent that the article be printed in the RECORD.

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

A SPECIAL REPORT—NOW THE HEALTH CARE CRISIS

The amount and quality of health care the military retiree and his family can expect in military hospitals in the future hangs precariously on several critical and imminent decisions now being made at the highest levels of government.

Not only will the outcome affect the health care of the retiree, but also that of the dependents of active duty people and, ultimately, according to the Surgeons General of the Armed Forces, of active duty men and women as well.

Nobody should really be surprised that the military medicine crisis is upon us. After all, the Surgeons General have been sounding the alarm for two years now—ever since the end of the doctor draft. Yet despite their warnings of doctor shortages, dwindling resources and the rapidly growing numbers of eligible recipients, the majority of those people most affected has reacted almost apathetically.

Now there is little time left for warning. The day of Armageddon is here. And suddenly the stakes are larger, the issues greater and the outcome more critical than anyone ever imagined.

The battle is joined. On the one side, there is a body of influential opinion which holds that military medicine should confine itself to the care of active duty men and women only, that all others who are now eligible recipients should fend for health care along with the general population—probably under some form of national health insurance program.

On the other side is military medicine as it exists today after several decades of growth and achievement, and a century-old tradition of the military services taking care of their own. To limit military medicine to the care of healthy young folks, military doctors say, would result in a serious degradation of military medicine; a potentially dangerous situation in time of war.

Between these views are some alternatives combining in varying degrees certain aspects of each. The real answer, proponents of a compromise solution believe, lies somewhere in between and involves a combination of present programs. Perhaps even a new program—something that has not yet been thought of.

Without question, opposition to dependent and retired medical care in military medical facilities has been growing. Some people attribute this essentially to the general "cut the military establishment" sentiment characteristically rampant after every war. Certainly, the joint report to the President and Congress by the Secretaries of Defense, and Health, Education and Welfare in October 1972 did much to solidify this opposition. The position of HEW, in fact, was to question relatively cost-free medical care to a preferred population—DoD medical care beneficiaries, to be exact. The report also expressed concern that the perpetuation of a broad DoD health care system, presumably including the CHAMPUS program, would conflict with national health care proposals being submitted to the Congress.

Perhaps even more dire for the proponents of military health care systems as they exist today, is the current study underway by the Office of Management and Budget. Begun in July of last year, the study is an in-depth comparative evaluation of existing military and non-military health care systems. Its listed goals include:

Assess the ability for current military medical programs to meet the future health needs of the armed forces;

Evaluate the existing military medical care system and alternatives to it with respect to their costs, quality of care, impact on doctor requirements and contributions toward DoD health care objectives;

Recommend modifications to the military health care system that complement the President's national health care initiatives, that are compatible with civilian health care systems and that minimize the overall costs of military medical care.

When it was announced that this study was to be undertaken, several sweeping preconceived positions were listed, most an outgrowth of the DoD-HEW report of 1972. Some of these were:

"Eliminate or transfer to other systems specific categories of beneficiaries—dependents and survivors of active duty and retired personnel.

"Restrict scope of services offered or eliminate specific services altogether.

"Co-payment charges for office visits or prescription drugs.

"Co-insurance—for example, each beneficiary would pay 20 percent of all costs."

Astoundingly, these proposals were developed by a steering committee *without military representation*, a situation later rectified when all three services protested vigorously. Now the three Surgeons General and the Deputy Assistant Secretary of Defense for Military Personnel Policy are on the steering committee. The study is well underway and is scheduled to be concluded in this fall.

Because of the nature of the situation—which all three Surgeons General agree involve the future viability of military medicine—the military services find themselves in opposition to their civilian bosses in the Department of Defense. Indeed, several high ranking military men have expressed incredulity at DOD's attitude.

"For example," one military physician said, "even though Congress passed legislation on May 6 authorizing the military services to pay physicians up to $13,500 annually over and above their regular pay, Defense delayed until mid-July in sending recommended implementing instructions to OMB for review prior to Presidential approval, as required by the law."

He pointed out that this was unforgivable, particularly since the bonus program was delayed a year in Congress, resulting in the loss of many physicians who might otherwise have stayed in the service.

One admiral, not a medical man, likened this situation to a man "bleeding to death on the deck, while people argued about applying the tourniquet Congress had handed to them."

Furthermore, DOD has dictated changes in planning for health care delivery in the future. In essence, it has decreed that:

"Manpower and facility modernization programs must be limited to the delivery of health care to the active duty population only, except in those facilities which are so-called medically remote; which operate a medical training program; or where it can be clearly shown that the provision of health care is more economical when rendered by the military medical facility as opposed to civilian sources."

Varying degrees of entitlement for different categories of beneficiaries are established by law (Chapter 55, Title 10 U.S. Code). In effect, the law divides the major eligible groups into three priorities for care in military facilities:

First, active duty members, whose entitlement is absolute.

Second, dependents of active duty members and the survivors of deceased active duty members. Under the law, these categories *must* be provided care if it is available.

Third, retired members, their dependents and survivors. Under law, these categories *may* be provided care if it is available.

Every service recognizes that when facilities are limited by space, staff or so forth, care can be denied beneficiaries in the second and third priorities, and the facility commander has the authority to make that decision.

Likewise, every service recognizes that, traditionally, military men consider lifelong health care an implicit fringe benefit of a military career, and the military services are unanimous in their desire to provide this as long as it is possible to do so.

It is important to note that military medicine's opposition to limiting its services to active duty personnel only is based on much more than an altruistic desire to take care of its own. The real need is for a patient mix—active duty people, their dependents and retirees.

Vice Admiral Donald L. Curtis, the Navy Surgeon General, told THE RETIRED OFFICER that "You simply cannot have a quality health care delivery system without three elements: patient care, teaching and research.

"Historically," he explained, "our training programs have been the main factor in attracting and holding physicians. This is apparent when you realize that about two percent of all draft-derived doctors coming to the Navy stayed for a career. In contrast, more than 30 percent of those we've trained have stayed for a career."

He points out that once doctors are trained, they need professional satisfaction, which must be provided through research and a proper patient mix.

"If military medicine is forced into a situation where only healthy, young adults

are the patients, it will deteriorate to where it was in the 1930's," he said.

Realistically, however, the services recognize the staggering magnitude of the retiree problem, which for the foreseeable future can only become larger.

Presently, considering all eligible beneficiaries, the military services are providing health care *for five percent of the total United States population, or 10 million people!* And they are doing an incredibly good job of it. According to HEW, a total of $94 billion will be spent this year on health care throughout the nation. The entire military health care budget—including research, contingency operation, CHAMPUS and so forth—amounts to 3.5 percent of that $94 billion. In other words, the services handle five percent of the load for 3.5 percent of the cost. Dollar-wise, they provide care at $3.50 per capita as compared to the national rate of $4.50 per capita.

Hardly a wasteful system, as some have charged.

Nevertheless, they recognize that it is unlikely they will ever be staffed completely at all their facilities to the extent necessary to handle the retiree load. Consequently, the search for alternative solutions is hot and heavy.

Dr. Theodore C. Marrs, former Deputy Assistant Secretaray of Defense for Reserve Affairs and now Special Assistant to the President, is a medical doctor and vitally interested in the problem of military health care. Before he left Defense for his new post, he analyzed the options open to DoD.

"The basic issue is whether the military is or is not to take care of retiree health needs," he said.

"If the answer is 'Yes' then there must be budgeting to insure quality care.

"This opens numerous possible options:

budgeting for complete medical care for retirees;

budgeting for certain specified medical services for retirees;

budgeting for total medical services for retirees but with provision for partial payment on an as used basis or a contributing insurance basis;

budgeting for total medical service for retirees but only in specific localities;

budgeting CHAMPUS to cover all aspects of military retiree care and to insure quality of such care.

"If the answer is 'No' to the question of the military medical services taking care of retiree health needs, then there are two courses. One is to not provide such care. The other is to continue erratic, partial, 'space available' care.

"While considering these and other possible options all principals must keep in mind the fundamental mission of military medical services to provide peacetime medical care to the military and have the ability to expand medical care to meet the valid requirements of the services in wartime.

"It is an important problem deserving of attention and has far reaching impact on reserve forces, on medical insurance programs and on military morale in peace and war."

Pending the final solution to the problem, however, and barring any drastic cut-backs in the CHAMPUS program, the military services feel they can weather the storm of the next two or three years. All have programs in the "physician-extender" category, which are designed to provide greater utilization of doctors, nurses and physicians assistants. Also, they are banking heavily on the bonus bill to help get them over the hump until increased recruiting efforts and ongoing scholarship programs begin to produce results.

For the retiree, it is important to realize that the military services have not reneged on any promises. Likewise, the medical facilities personnel are on the retiree's side—they are doing more than can reasonably be expected in face of the problems they are encountering. They definitely are not the ones to blame for the predicament.

At the same time, it is to every retiree's own personal benefit to take an active interest in every program being proposed regarding health care for the future. It is not enough to worry only about CHAMPUS or whether retirees will be able to get adequate care. It is also essential that retirees get involved in any action that might adversely affect the overall medical services of the armed forces. It is all one problem, vital not only to the health and welfare of the individuals involved, but the well-being of the military establishment and the security of the nation.

NEW JERSEY FEELS ERTS POTENTIAL HAS BEEN SHOWN

Mr. MOSS. Mr. President, I have received a letter from the Honorable David J. Bardin, commissioner, Department of Environmental Protection, State of New Jersey, regarding their participation in the ERTS program.

New Jersey has found ERTS data to be useful in management and protection of the coastal zone by surveillance through successive orbits However, it would be necessary to shorten the delivery time to 3 to 5 days in order for the data to be useful on an operational basis.

ERTS data has also been useful in monitoring offshore waste disposal—an increasing problem in some of our coastal States.

The commissioner concludes his letter by stating:

The potential for using ERTS data in an operational mode for New Jersey's coastal zone management program has been shown in this experiment. Timely receipt of data would result in more effective decisions for the benefit of all, and a truly operational ERTS system, sensitive to the needs of the user community, definitely would be in the public's interest.

Mr. President, I ask unanimous consent that Commissioner Bardin's letter be printed in the RECORD.

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

WASHINGTON, D. C.

HON. FRANK E. MOSS,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

DEAR SENATOR MOSS: The State of New Jersey, specifically the Office of Environmental Analysis, Department of Environmental Protection (DEP), was an ERTS–1 participant under NAS5–21765, "The Application of ERTS Data to the Protection and Management of New Jersey's Coastal Environment." The principal objective of the project was to develop information products from ERTS data to be used in the every day decision-making in the management and protection of the coastal zone.

ERTS data was found to be useful in the area of coastal zone surveillance. Successive orbits were compared to detect changes (mostly developmental) in the coastal zone, which are then reported to field inspectors. DEP regulates these areas under New Jersey's Riparian Law, Wetlands Act and Coastal Area Facility Review Act. As quasi-operational demonstration was completed at the end of the project by quick processing of computer compatible tapes made available by NASA. Timely delivery of ERTS imagery (3–5 working days rather than the 60–90 day delivery time during the ERTS–1 project) is necessary to the operational use of ERTS data for this purpose.

Offshore waste disposal in the New York Bight area was also monitored with ERTS data. The presence and geographical extent of acid and dredge spoil were mapped for each orbit.

Ocean outfall plumes could also be monitored using ERTS data to determine their effect on shore. Also, the percent cover of eel grass and sea lettuce could be estimated from ERTS as an aid for establishing yearly bag limits for the Atlantic brant.

The potential for using ERTS in an operational mode for New Jersey's coastal zone management program has been shown in this experiment. Timely receipt of data would result in more effective decisions for the benefit of all, and a truly operational ERTS system, sensitive to the needs of the user community, definitely would be in the public's interest.

Faithfully,

DAVID J. BARDIN,
Commissioner.

THE PRINCIPLES OF THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, there is at least one statement about the Genocide Convention with which everyone will agree: It has come under exceedingly close scrutiny, both here in the Senate and among the citizenry. This scrutiny is entirely proper. Every treaty which the Senate is called upon to ratify should be carefully examined to insure that our national interests, as well as international order and justice, are upheld.

But the prolonged and redundant nature of our scrutiny of this convention is truly unfortunate. Essentially the same arguments have been made since the convention's introduction. Most of these arguments have been technical, focusing on very small parts of the convention and its language. Again, it is proper that these matters should be scrutinized, but unfortunately the prolongation of excessively detailed scrutiny has meant that the larger principles involved have been almost forgotten, at least by those opposed to the convention.

The Genocide Convention is a declaration that the United States and all civilized nations are opposed to mass murder and that all of them will do their share to assure that the horrors of Nazi Germany are not repeated. We are all against genocide. We all abhor the brutal elimination of racial, ethnic, and religious groups. Now we all have a chance to do something about it. To pass up this chance—as we have for 5 years—would be extremely unfortunate.

The Senate can ratify the Convention on the Prevention and Prosecution of the Crime of Genocide. This would be an international commitment to decency and morality entirely consistent with our tradition of concern for the welfare of all. Ratification of this treaty is in keeping with our position as a leader of the free world. Now we can do more than just say that we are opposed to genocide. Now we can take constructive action to prevent the occurrence of the crime of genocide.

Mr. President, the time has come for the Senate to ratify the Genocide Convention.

ADDRESS BY THE HONORABLE JAMES R. SCHLESINGER, SECRETARY OF DEFENSE, ON SEPTEMBER 24, 1974, AT THE NATIONAL SECURITY INDUSTRIAL ASSOCIATION DINNER

Mr. THURMOND. Mr. President, it was my pleasure to hear the address given by the Honorable James R. Schlesinger, Secretary of Defense, at the National Security Industrial Association Dinner at the Sheraton Park Hotel last evening. I was very much impressed with his address, and I urge my distinguished colleagues to read it.

Secretary Schlesinger presented a clear and forthright assessment of the state of our national security and our arsenal of democracy. His remarks succinctly reflect the transition experienced the last 5 years by our Armed Forces and the changing role of the United States in the security of the world.

Mr. President, I particularly noted the comments of the Secretary of Defense regarding military and economic aid to South Vietnam which was recently debated extensively and reduced by Congress. The Secretary noted that the Congress quickly approved $2.2 billion for assistance to Israel which amounts to about $700 million a week. The Secretary said:

> Yet we now begrudge the South Vietnamese $700 million a year for munitions and refuse to appropriate the resources necessary for the replacement of their losses in equipment.

Mr. President, I ask unanimous consent for the address given by Secretary Schlesinger before the National Security Industrial Association on September 24, 1974, to be printed in the RECORD at the conclusion of my remarks.

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

ADDRESS BY THE HONORABLE JAMES R. SCHLESINGER

It is reported that when our original parents were driven out of Paradise, Adam remarked comfortingly to Eve: "Despair not, my dear; just recognize that we live in an age of transition."

Today we continue to live in such an age. Despite a nostalgia, as understandable as it is irrelevant, we too have been driven out of the Paradise of isolation and noninvolvement which characterized the 19th and early 20th centuries. And, as Thomas Wolfe vividly reminds us: We can't go home again. Isolation is a practical impossibility for the United States. We can not be ignored. We are too large a weight in world politics; we are in too many ways strategically and economically vulnerable; we have too many national interests abroad, most notably the preservation of our type of free institutions.

We have been expelled from another, later, lesser Paradise. No longer can we act as a great reserve, partially detached from the continuing struggle to maintain a reasonable equilibrium of power in the word. No longer can we expect other nations to hold the front lines while we serve as the arsenal of democracy. No longer can we depend on the strength of our allies to buy us the time to expand the defense production base, to mobilize and deploy our forces, to learn the lessons of the conflict and change the tide of war. The luxury of time—and the old role that went with it—are gone, perhaps forever.

The new role thrust upon us is far more demanding. Though we remain the arsenal of democracy, we have a number of other roles to perform as well. It may not be quite fashionable to say so; still, it is the United States which must now, at least in spirit, stand guard along the frontiers of freedom. Our friends and allies can—and do—provide the bulk of the forward forces. But in a world in which two great powers remain militarily paramount, the United States must provide much of the leadership and some of the presence that sustain the cohesion of the Free World, however defined. We may not be the policeman of the world—a role to which we never aspired, but we certainly remain the principal contributor to an active system of collective security. The sole alternative would be to depend on the goodwill of others for the preservation of the social order to which we adhere. Six of his predecessors, and now President Ford, has rejected that alternative. I certainly will not advocate it here

The new role obviously requires that the United States remain a first-class military power. More specifically, the new role imposes five major requirements on our defense establishment, our industry, and the country at large.

First, in a complicated world of nuclear and non-nuclear capabilities, we must define and articulate strategic objectives that are within our means and acceptable to the American people.

Second, if we are to honor our commitments and to deal with contingencies under conditions in which we have lost the luxury of time, we must have active forces that are combat-ready and judiciously distributed between overseas deployments and a continental reserve. At the same time, we must maintain the intercontinental mobility both to reinforce our deployed forces and to move rapidly into such theaters as the President may direct and the Congress approve.

Third, in a period of uncertainty about the nature and duration of potential conflict, not only do we need the production base to assure the timely modernization of our active and reserve forces, we also require a minimum industrial mobilization base to permit rapid expansion of defense production in an emergency.

Fourth, in an era marked by long-term competition and by closed societies, we must continue to stimulate our military technology and obtain those R&D hedges that are so necessary in the face of uncertainty about the programs and intentions of other powers.

Fifth, and finally, after nearly thirty years of carrying leadership's burdens, we must still shoulder those burdens and demonstrate the resolve to support our friends and deter our foes no matter how long it may take. If we should falter, there is no one else to take our place.

These are large requirements. And they impinge upon us at a time when there is much to do at home. How well are we meeting the requirements? How fares the arsenal of democracy under these new conditions? It has been said that in discussing matters of grave importance, style, not candor, is the vital thing. But even if a little candor is viewed in some quarters as a dangerous thing—and a great deal possibly fatal—let me give my unvarnished view on how we are progressing.

Most of us, I think, have a reasonably clear idea of what our security objectives should be. In an age of parity with the Soviet Union (if we really mean that we should be equal), it is hard to quarrel with essential equivalence as a continuing requirement for our strategic nuclear forces. Secretary Kissinger recently stated that policy: "We will maintain the nuclear balance by unilateral actions if we must and by negotiations if at all possible." It is equally vital to establish a balance of conventional forces between NATO and the Warsaw Pact, to keep our defense perimeters in the Western Pacific sufficiently strong to hold until reinforced, and to guard those sea lanes essential to the well-being of the United States and its allies.

Those are quite modest and defensible objectives for a very great nation living in a world, not as yet altogether safe. Yet there are some who profess to see this quest for deterrence and equilibrium, not as the necessary basis for détente, but as the springboard for superiority and provocation. I find such attitudes puzzling at a minimum. By what species of logic are such conclusions reached? By what concrete measures should military power be judged? By what magic formula is it believed that the United States can remain a "military power second-to-none" on an ever shrinking share of the national resources?

If there continues to be some debate about how best to achieve our objectives, there can be little question about the performance of our Armed Forces. We have traversed as difficult a passage as any in our history during the past decade; we have thrown our Four Services into a distant war, and then withdrawn them—undefeated and, to a regrettable extent, unappreciated. Through it all they have proved rocklike in their stability. All of us will recall, I trust, the example they have set for the country. All of us will appreciate, I trust, the professional way in which they have proceeded with the tasks of post-war deterrence—even as we have constrained their resources, converted them to an All-Volunteer force, and shrunk their numbers during the last six years by nearly a million and a half men and women.

Though on this score we have fared well, the arsenal of democracy has performed less impressively in its more traditional role. Ready, modern forces—whether we are talking about our nuclear or non-nuclear capabilities—require a skilled, diversified, and flexible industrial base. It is not clear that those attributes characterize our industrial base at the present time.

It is worth recalling what this arsenal of democracy was able to do during World War II. On the average, we managed an annual production of more than 50,000 aircraft, 20,000 tanks, 500,000 trucks, 1.5 million rifles, and 80,000 artillery pieces. As late as 1963 we could still launch 13 Polaris and 4 attack submarines in one year. Now, while the Soviets produce thousands of tanks a year, we are struggling to build to an annual rate of some 800. New aircraft are coming off the lines at a rate of about 600 a year, and helicopter production over the last decade has fallen by a factor of ten.

That record—it should be acknowledged—is hardly a tribute to the supposed power and skullduggery of the military-industrial complex. With a villain and a conspiracy like that, indeed the critics hardly need friends!

One major factor that accounts for this anemic record is, of course, the dramatic decline in defense procurement. But other national policies have also had an adverse impact. Our new maritime programs have caused a crowding of our shipyard capacity, driven up prices, and lessened the attractiveness of naval contracts to shipyards. Environmental programs and higher standards of health for industrial workers have eliminated reserve capacity, increased prices, and slowed reaction times—problems reflected in such diverse products as forgings, castings, and propellants. In some instances, because defense demands are currently low, we find ourselves reduced to a single supplier of vital military goods—with considerable uncertainty as to whether we can generate enough orders to keep that one producer in production.

I do not wish to pretend that these factors are the only causes of the difficulties that we face. You are all familiar with the other problems we have identified—and such solutions we have proposed in the form of high-low mixes, milestones, and designs-to-cost. Consequently, I do not propose to expand on them further here. What I do want to do, however, is to emphasize four aspects of our defense procurement policy.

First, the Defense Department will continue to be interested in and support advanced technology developments particularly when they promise the same kinds of payoffs that precision guided munitions, for example, have provided.

Second, there remain many forms of combat where numbers count and where the best may become the enemy of the good; weapon systems required in those areas will necessitate incremental development rather than great leaps forward, relatively low costs, and long production runs.

Third, while we will encourage reasonable profits for capable firms, we do not propose to subsidize sluggishness and inefficiency.

Fourth, we will not let our inventories of weapon systems get out of balance with our ability to operate and maintain them; nor will we arbitrarily reduce our procurement of consumables in order to buy more hardware, no matter how pressed to do so.

Within these guidelines we would wish to make doing business with the Department of Defense much less of a chore. Hopefully, we can reduce the layering and proliferation of administrative control elements, which substantially inflate the cost of doing business with the Government in comparison with commercial business. That could potentially not only reduce costs, but make more readily available to the Department that margin of industrial capacity necessary to sustain the defense production base. Secretary Clements will be working on the problem of improving these operating procedures. To be sure, this is part of the more general goal of reducing nonproductive overhead so that an increased percentage of the procurement dollar can go into real output. We shall need your assistance, and, in principle, there is no reason that cost reduction efforts of this type cannot be reflected in incentive contracting.

I cannot leave the subject of industry's contribution and the contemporary role of the arsenal of democracy without taking special notice of the technology base. Increasingly it is this dimension, rather than simple production capacity, that so brilliantly serves the national purpose. I would suggest that we bend every effort to sustain the health and vigor of the scientific and technological base.

Our technological achievements have played a significant role in the achievement of arms limitation agreements. Despite the grosser advantages of the Soviet Union in missile numbers and throw-weight allowed by the May 1972 Interim Agreement, it is legitimately argued that American technology more than redressed the balance.

Ironically, some voices have been raised to suggest that technological advance be terminated. Having asserted that U.S. technology compensates for the asymmetries favoring the Soviet Union, some have subsequently suggested that we abandon the compensation—hardly consistent with maintaining essential equivalence. Indeed, I might sympathize with such suggestions, were Andrei Sakharov charged with the direction of military R&D in the Soviet Union. Unfortunately, as is only too obvious, he is not.

But the edge that technology provides is just as dramatically reflected in the general purpose forces—whose role is, if anything, more significant than strategic capabilities. If the quality of U.S. airpower serves as a great equalizer in terms of the overall balance, for example, this reflects the technological advantages of the United States—in ECM, in precision guided munitions, in avionics. Soviet avionics packages, for example, continue to rely heavily on vacuum tubes—while ours exploit large scale integrated circuits, as well as mini-computers. The weight differential of such packages is on the order of 4 : 1 to the advantage of the United States. Such differentials are reflected in the relative combat effectiveness of the two force structures.

We shall call upon industry to provide the United States with a continuing technological margin—but, once again, keeping in mind the other goals of affordability and reliability. Reliability is, after all, technology in its most practical form.

Let me turn now to what I earlier described as the fifth requirement: that of resolve. How are we performing on that score? Clearly this nation, in satisfying all the other conditions so necessary to deterrence and security, will fare well only to the extent that its citizens remain resolute in their purposes. It does no good simply to pile up weapon systems and force structures in a vacuum, however sophisticated and capable they may be. Foreign policy, to the extent that the military forces of this country and our allies buttress it, depends on the moral stamina of the societies concerned. And on that score we must acknowledge that of late, throughout the Western world, we have witnessed some disarray, as much overseas as in this country.

We have not in recent years suffered from an overabundance of naivete or simple straightforward enthusiasm. These existed in ample supply, I think, a decade or more ago when the Peace Corps volunteers went out to save the world and remake it. There is less of that belief and enthusiasm today, and that is a serious loss for all our societies. The problem we face now is a cynicism which can corrode and an irresolution that can undermine us all. Cynicism has been defined as knowing the price of everything and the value of nothing. Of irresolution it has been said that the wavering mind is but a base possession.

I believe there may be less cynicism today than there was two months ago. But there remain those among us who, in Churchill's words, are decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all powerful for impotence.

One of their victims has been the Republic of Vietnam. Our forces are now out of that tortured country, and the cost of the continuing conflict to the United States is currently about 3 percent of what it was at the peak. The South Vietnamese did not tell us: "Give us the tools and we will do the job." Instead, we simply informed them that we would provide them with the tools—and the munitions—and would expect them to do the job.

Since that time, three things have happened: The South Vietnamese have done the job; our assistance to Saigon has declined; and outside aid to Hanoi has increased. A small state, beholden to us, still struggles to survive, but we have neither the temerity to sever its lifeline nor the resolution to pay the relatively small but necessary price to assume its continued existence. Rather, we have chosen to put an ally on the military equivalent of starvation rations.

This is hardly an edifying spectacle. As a contrast, consider what occurred when conflict broke out in the Middle East last October. Members of Congress—not all of whom have sympathized with the munitions requirements of the South Vietnamese—persistently urged us to do whatever was necessary to ensure the survival of Israel. A supplemental request of $2.2 billion for military assistance to Israel was sent to the Hill, and the Congress quickly approved it.

Note that the hostilities in the Middle East lasted for 3 weeks. In a sense, the bill worked out to $700 million a week. Yet we now begrude the South Vietnamese $700 million a year for munitions and refuse to appropriate the resources necessary for the replacement of their losses in equipment. Exactly how that redounds to our credit or demonstrates our resolve is not easy to say.

So at this point, we may well inquire: How has the arsenal of democracy fared in this latest period of transition? The record has been mixed, but I hope you will agree that the prognosis remains hopeful.

President Ford has already emphasized that: "A strong defense is the surest way to peace. Strength makes detente attainable. Weakness invites war. . . ."

Secretary Kissinger has echoed that policy in his declaration that: "for other nations to have confidence in our purposes and faith in our word, America must remain a military power second-to-none."

In closing, I might add some words spoken by Franklin D. Roosevelt more than 30 years ago: "I, too, pray for peace—that the ways of aggression and force may be banished from the earth—but I am determined to face the fact realistically that this nation requires a toughness of moral and physical fibre. These qualities, I am convinced, the American people hold to a high degree."

Strength cannot come from physical capacity alone. It requires a tenacious will.

FARMERS IN DAHOMEY GET CONCRETE HELP VIA PEACE CORPS VOLUNTEER FROM LEWISTON

Mr. HATHAWAY. Mr. President, I ask unanimous consent to have printed in the RECORD a news release from ACTION concerning the activities of a constituent of mine, 25-year-old Laurier Nadeau who is serving in the Peace Corps in Dahomey, a small struggling agricultural country on the West Coast of Africa. Mr. Nadeau, a native of Lewiston, Maine, is primarily involved in boosting the corn crop of Dahomey..

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

FARMERS IN DAHOMEY GET CONCRETE HELP VIA PEACE CORPS VOLUNTEER FROM LEWISTON

The farmers of southern Dahomey rely heavily on corn, the area's staple crop, as food for their families and as a marketable commodity that provides cash income. But they have been unable to prevent insects, rats and moisture from destroying up to half of each year's corn harvest stored in their traditional granaries.

Laurier F. Nadeau, 25, a Peace Corps volunteer from Lewiston, Maine, is showing farmers in the West African nation a better way to store their corn. He is building cement silos of Peace Corps design to replace the frail palm leaf granaries that provide little protection for stored corn crops.

Nadeau, who works in Dahomey's Pobe district, claims that the cement silos can maintain dried corn for more than two years with as little as a three per cent storage loss.

Before Nadeau's grain storage project was started, Pobe's facilities could hold only two tons of corn, a minimal capacity considering that the district produces more corn than any other in southern Dahomey. Now, the new cement silo facilities have increased the district's storage capacity to 60 tons of dried corn.

The implications of increased and improved storage capacity are significant. There are two corn crops a year in southern Dahomey. The first growing season, between April and July, is the longer of the two and holds the promise of a good crop because of adequate rainfall. The second season, between September and November, is shorter and less re-

liable due to the uncertainties of rainfall at this time of year.

Farmers often sell their entire crop after the first harvest to minimize losses from rodent, bug and humidity damage to corn they might store. With plenty of corn available in the marketplace at that time of year, prices go down to their lowest levels.

If the second harvest is poor, these same farmers have to buy back corn at peak prices in order to feed their families. Such price fluctuations and low yields, coupled with the pressure of increasing population in southern Dahomey, result in over-planting and decreased soil fertility.

Nadeau also teaches silo-building techniques to a class of 20 agricultural students in a nearby village. Besides taking 15 hours of instruction each week, they are required to build their own five-ton silo and corn dryer. At the completion of the course, students will be assigned throughout Pobe. Each will be responsible for constructing a concrete grain storage site in his area. This program will assure the rapid expansion and dispersion of these much-needed facilities.

The basic food eaten every day in Pobe is corn, usually a mixture of corn flour and water served with a hot pepper tomato sauce and fish, beef, chicken or goat meat. Nadeau, however, admits to a preference for "Egba", a mixture of manioc (a starchy root vegetable) flour and water served with bush rat.

Weekends are a time of leisure and relaxation for Nadeau. He spends them in town with Dahomean friends. "More often than not, I am invited to a ceremony where there are always tom toms, food and local fire water made from distilled palm sap," he says.

Nadeau is the son of Mr. and Mrs. Joseph Nadeau, 82 Ste. Croix St., Lewiston. He majored in sociology at Providence College in Providence, R.I., and graduated in 1972, the same year he joined the Peace Crops.

He is one of 61 Peace Corps volunteers in Dahomey. At present, there are 7,300 Peace Corps volunteers serving in 69 developing nations around the world.

Mr. HATHAWAY. Mr. President, while I am most pleased and proud of the work being done by Laurier Nadeau in Dahomey, I think we can all share pride in representing the 7,300 men and women like Mr. Nadeau who are spending the more carefree years of their lives caring for and helping others all over the world through their service in the Peace Corps.

DEATH OF MR. REID LOVE

Mr. COOK. Mr. President, it is with a deep sense of loss that I announce to my colleagues the death of Mr. Reid Love, a great Kentuckian and American. Reid Love lost his battle last month against cancer at the Veterans Administration Hospital in Lexington, Ky., at the age of 50. He displayed great courage during the difficult period of infirmity and never lost his zest for life.

As president of the League of Kentucky Sportsmen in 1972 and 1973, Reid accomplished many outstanding feats which won him the respect and admiration of his fellow members. I know the league will miss his dedicated leadership.

I have had the pleasure to work with Reid and the League of Kentucky Sportsmen on several occasions. Perhaps my most memorable and rewarding experience came during our efforts to prevent the construction of a road through the middle of the magnificent pioneer weapons hunting area in the Daniel Boone National Forest of Kentucky. Reid fought unceasingly to preserve this hunting area, and I am proud to be associated in some small way with his efforts.

At the league's annual statewide meeting in Louisville this summer, Reid received the organization's sporstman of the year award for 1974. Cited for his efforts to preserve the pioneer weapons hunting area and to stop the barging of coal on Lake Cumberland, Reid Love truly deserved this great honor bestowed upon him by his associates.

Unaffected by his many accolades and ever devoted to a multitude of friends, Reid Love was a remarkable man. He will be sorely missed by the many of us who had the pleasure of knowing him.

In the July issue of Happy Hunting Ground, a Kentucky wildlife and conservation publication, Reid's "President's Message" is typical of his devotion and dedication to the cause of conservation, wildlife, and the environment. It is men like Reid Love who have insured the preservation of Kentucky's environmental heritage for our future generations, a debt we can never repay him.

Mr. President, I ask unanimous consent to print in the RECORD, "President's Message" and an editorial from the July 1974 Happy Hunting Ground, as well as an article from the June 11 Kentucky Post, and an article from the Courier-Journal of the same date.

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

[From the Happy Hunting Ground, July, 1974]

PRESIDENT'S MESSAGE—AS WE SEE IT

(By Reid Love)

Illness enables one to throw a searchlight on one's inner soul and discover the values that give meaning to one's life. It induces gratefulness, humility, an understanding and forgiveness of humanity, and a realization that friendships formed give one riches far greater than gold.

In the several years I have been a member and a part of the administration of the League of Kentucky Sportsmen, many enrichments and pleasures have been added to my life. I have no way of evaluating the many benefits derived from being president of this organization. Traveling throughout Kentucky has made me aware of Nature's great and beautiful Source Book. The people I have met—hunters, fishermen and conservationists—have been an inspiration to my work, in that they gave so freely of their time and talents without seeking personal gain. The many worthwhile conservation projects started and finished by the various organizations within the league and those associated with the league give me faith that man will not destroy his future.

I feel very appreciative and thankful for the encouragement and cooperation given me during my tenure in office. However, the friendships offered by the members of the League of Kentucky Sportsmen will offer dividends that will continue for the rest of my life.

My most sincere wish and hope is that someday I may have the honor to again serve the league as president.

[From the Happy Hunting Ground, July 1974]

A JOB WELL DONE

(By Pat Moynahan)

The League of Kentucky Sportsmen machinery ran smoothly and efficiently during Reid Love's two terms in office and we owe him a hearty and sincere thanks.

He skippered the ship through some stormy seas but kept her upright at all times. And, few LKS presidents have so devoted themselves to the task or served with more integrity.

Love was an extremely active president and the LKS track record for the past two years reflects his enthusiasm and tireless devotion to the interests of Kentucky sportsmen. Wherever the position demanded he go, he went regardless of personal or business considerations. He was always on the go and made countless trips into each district trying to spread enthusiasm for the League.

His tenure in office was marked by one of the League's greatest accomplishments ever—preservation of the Pioneer Weapons Hunting Area in the Daniel Boone National Forest. In the beginning, the League was advised the issue was a lost cause. A road bisecting the area appeared inevitable.

Love was not dissuaded and refused to accept a series of setbacks which seemed to spell defeat. If we knew how many hours he personally devoted to the fight, we would probably be astounded. But his diligence paid off and it appears now the League is on the verge of victory.

He attacked the membership problem with the same vigor and dedicated himself to a goal of 50,000. If one man could have enlisted that many members single-handed, we might have made it. But, we let him down. He certainly gave it his best.

Even the membership drive was not without successes. Love started an essay contest for youngsters as part of the campaign. That brought the League and conservation to the attention of many young people and, without doubt, some of them will grow up to be League members.

Love always kept the wheels turning and the League rolling. When Redmon Payne and John Murphy retired in July, 1972, the burden upon Love's shoulders increased for the two had been the overseers and get-things-done men for years. League operation continued smoothly without so much as a skipped heartbeat, however. Love assumed many of their duties and repsonsibilities until new people could settle into the positions and orient themselves.

League thanks, Mr. Love, and our best for the future.

[From the Courier-Journal, July 8, 1974]

ROY HADDIX HEADS LEAGUE; LOVE SPORTSMAN OF THE YEAR

(By Earl Ruby)

Reid Love of Vanceburg, retiring President of the League of Kentucky Sportsmen was named Sportsman of the Year by the association of hunters and fishermen at their annual convention in Louisville yesterday.

Reid was succeeded as president by Roy M. Haddix of Lexington, who won a two-horse race with Al Blum of Murray, one of the most dedicated sportsmen in the group who served more than nine years as the chief executive back in the early days of the organization.

Love, who is seriously ill and was unable to attend the convention, led a fight to prevent a highway from being built through the pioneer weapons area in the Daniel Boone National Forest in Rowan County and was instrumental in stopping coal barging on Lake Cumberland.

He has been a working member of the Alum City Sportsmen's Club and the Trinith Fish and Game Club of Lewis County, along with Lewis County Landowners and Wildlife Protective Association, the Citizens Advisory Committee of the Ohio River Basin Commission and the Ohio Valley Water Sanitation Commission.

Haddix served as chairman of the League's legislative committee this year and was instrumental in getting 11 unfavorable bills shelved in committee.

He is a director of the Sixth District Wildlife Federation and chairman of the board of the Bluegrass Sportsmen's League with 10 years of service in the latter. For two years, he was president.

Haddix, 47, served as a paratrooper in the Korean War. He is married and has two children, a boy and a girl.

The League membership has dropped from a high of 41,000 in 1963, when Clyde Hubbard of Louisville was president, to 33,000 this year. Both candidates for president ran on a platform of returning the membership to its former size.

A determined effort by eight bass clubs in the state to get a recommendation that the minimum size limit for bass be raised from 10 to 12 inches lost by the rather close vote of 42-33.

The sentiment was that many small streams do not support 12-inch bass and that youngsters would be the losers. It was suggested by some delegates that the bass clubs were free to name their own limit for their tournaments. The bass club members argue, and perhaps rightly, that a 12-inch limit would allow for one more spawning season in the lakes.

There are approximately 59 bass clubs in Kentucky, with 1,200 members.

A resolution that the red fox be placed on the protected list with no open season was rejected.

A resolution to close the season on deer in Clark County was referred to the fish and wildlife officials for consideration.

The Governor's Conservation Achievement Awards, formerly made at this convention, will be made on Nov. 9 at the State Fairgrounds. Nominations for the awards must be made before Oct. 1.

Judge Walter L. Mims of Birmingham, president of the National Wildlife Federation, was the speaker at the annual banquet. He presided over two federation awards—one to the Kentucky Long Rifles of Morehead for their conservation efforts and one to John Murphy of Florence for outstanding service in the cause of conservation.

[From the Kentucky Post, June 11, 1974]

AWARDS WELL EARNED

It takes a dedicated lover of the outdoors and wildlife and a tenacious appreciation for the importance of conservation of wildlife to deserve the Sportsman of the Year award handed out once a year by the League of Kentucky Sportsmen.

And Reid Love, Vanceburg, has the qualities to win the award for 1974.

The 1972 and 1973 president of the Sportsmen League was named to the honor Saturday in Louisville by previous recipients of the award.

Those who elected him cited these actions that Love has taken in support of wildlife:

His efforts to delay and possibly permanently prevent the construction of a vehicular road which would bisect the Pioneer Weapons Hunting Area in Daniel Boone National Forest in Bath and Menifee counties.

And his participation in efforts to halt the barging of coal on Lake Cumberland.

Love, seriously ill, couldn't make it to the awards ceremony. A long-time sportsman friend, Woodrow Horsley, Vanceburg, accepted the honor.

Another friend, Kentucky Post Outdoors editor John Murphy, was awarded the National Wildlife Federation conservation service citation for outstanding and distinguished service in the field of natural resources management.

Men like Murphy and Love are working to ensure future generations will be able to enjoy the natural resources and scenic beauty we have in Kentucky today.

TRANSPORTATION OF HAZARDOUS MATERIALS BY AIR

Mr. HARTKE. Mr. President, earlier this year, the Senate Commerce Committee held hearings on the transportation of hazardous materials by air. The distinguished Senator from Nevada (Mr. CANNON) and I cochaired those hearings. What we learned was both shocking and dismaying.

Dangerous cargo is being carried aboard passenger aircraft under conditions which subject passengers to unnecessary danger. I intend to offer some legislation on this subject within the next few weeks so that we can eliminate this unnecessary danger.

Mr. President, I ask unanimous consent that another installment of a series on this subject written by John and Christine Lyons and broadcast on WNEW in New York City be printed in the RECORD.

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

THE HIDDEN PASSENGER—AN UPDATE

(By John and Christine Lyons)

VANCE HARTKE. Well, it's quite obvious and very conclusive that the shipment of hazardous materials in the United States is a potential bombshell, just waiting to go off, any place and any time. The evidence is of such convincing nature that I find that even ordinarily differing people are agreeing that something should be done . . . should be done now . . . that regulations need to be drafted . . . effective regulations and enforcement regulations and enforcement procedures and enforcement personnel put to work immediately.

JOHN LYONS. Senator Vance Hartke at a Senate Commerce Committee Hearing this week which looked into the transportation of hazardous materials . . .

Good evening, I'm John Lyons. On Sunday News Closeup tonight . . . "The Hidden Passenger—An Update." As the week began, TWA Pilots met with the company to demand that hazardous cargo be removed from passenger planes.

JIM MCENTYRE. Trying to chase down what's permitted on passenger airplanes is like trying to chase down a will o the wisp.

LYONS. Captain Jim McEntyre . . . Airline Pilots Association Hazardous Materials Chairman at TWA . . . talking about a demand the pilots have made of the company.

MCENTYRE. What we want to do right now is simply say . . . Okay . . . we'll restrict the carriage of all hazardous materials other than the radioactive isotopes (properly shielded down where they won't do any damage to the people above) and put it all on the cargo airplane. Then we can concentrate our efforts in this area and I think we can come up with some solutions. When we talk about hazardous . . . we're not talking about something that is kind of nice to play around with . . . but don't get too close. We're talking about something that's gonna kill you. I've been in the accident investigation business for the Airline Pilots Association for about fifteen years, but you never forget the first time you walk up to a stinking hulk that was once a beautiful airplane . . . you never forget it as long as you live. And the first thing you say when you walk into somethink like that is . . . Someday, I want to be able to prevent one. And that's where we are right now.

LYONS. On Wednesday, TWA agreed to revise its hazardous materials procedures. The company agreed to eliminate the carriage of the heaviest form of radioactive material but to allow emergency radioactive pharmaceuticals. The company also agreed to set up a Committee of Pilots and Management to decide what other hazardous materials should not be carried on passenger planes. There was also an agreement on an improved training program for TWA employees. The TWA agreement is a big step forward. Tom Ashwood is Chairman of the Airline Pilots Association Air Security Committee.

ASHWOOD. The effect of the agreement that was just reached between TWA and the TWA pilots is manifold. One, of course, is that benefits to the passengers who fly on TWA will suffer or be exposed to less danger, if you will, or less exposure to these hazardous and radioactive materials. A second benefit coming from this is that the whole industry has been put on notice that a crack has been made in the wall that they've built around themselves. The wall of lies and deceit and falsehood, and, I think, the third thing that has happened is it's caused the various involved government agencies to realize that we're very serious about this. It's a serious problem and they're going to have to do something about it in terms of legislation.

LYONS. Another important part of the TWA agreement is to monitor all radioactive packages coming across the TWA freight docks. Delta Airlines is already starting to do this. Wednesday afternoon, the Sente Commerce Committee began hearings on the transportation of hazardous cargo. I talked with Reuben Robertson, of the Aviation Consumer Action Project.

REUBEN ROBERTSON. Well, I think there's a tremendous opportunity now for the public to get some response on this crisis of transporting radioactive and other hazardous materials on airplanes. I think now is the time. The public is becoming increasingly aware that there are tremendous hazards. . . . That a whole planeload of people can be wiped out. . . . They can get cancer or a plane carrying hazardous cargo can crash into an urban area and create a tremendous catastrophe. Now is the time, and I think that this Committee is going to have to face up to its responsibility. One of the things it could do would be to write a law, an amendment to the Federal Aviation Act saying. . . . "No more hazardous material shall be transported on airline passenger flights. That seems to me to be the most fundamental thing they could do. You might want to have an exemption from that law for radiopharmaceutical products. I think the doctors have made a good case . . . that they're very small quantities and that they're essential for humanitarian purposes . . . to have in hospitals around the country. But, that's only a very small corner of what we're talking about. We're talking about acids, explosives and hand grenades, which are, literally, carried on passenger planes all the time . . . every day and nuclear materials, of course.

LYONS. The Airline Pilots Association has estimated that 90 per cent of the airliners are carrying some form of hazardous cargo. In a Congressional hearing in April, C. R. Melugian announced the preliminary result of an FAA study on how much is carried.

MELUGIAN. We just have very preliminary results and our methodology was to look at the manifests over a 30-day period of 140 thousand flights. The preliminary information indicates, based on the manifests that approximately 3 per cent of the flights each day carry hazardous materials. And I would submit . . . clarify, though, that this is based on the manifests. If the manifest is not correct, not correctly documented, according to the regulations, this could be misleading.

LYONS. At the Senate Hearings this week, Senator Vance Hartke asked Captain James

Eckols of the Airline Pilots Association. . . . "What's wrong with those numbers?"

ECKOLS. We discussed this in a meeting on May the 17th, when the FAA officially gave out this very preliminary report. We are now trying to determine on the basis of what they said, what basis they used to prepare this. They say they used the load manifest form. The Airlines do not, per se, use the load manifest form to mark hazardous materials. They notify the Captain of the flight by a separate pilot notificattion. We think that their estimate is grossly in error.

LYONS. The Airline Pilots Association has been claiming for a long time that the FAA's enforcement of its own hazardous materials regulations is a complete failure. During the hearing, Ralph Nader read from a letter he wrote to the head of the Department of Transportation about what his staff found out about the enforcement of hazardous materials regulations.

RALPH NADER. Last January, one of my staff talked to people in your office of Hazardous Materials about the safety of radioactive shipments. He was assured that existing procedures and controls were adequate, and he was given copies of the voluminous D.O.T. Safety regulations. Shortly thereafter, the AEC announced that 130 passengers on a Delta Airlines flight sequence had been exposed to radiation from an improperly packaged container of radioactive material carried on the planes.

LYONS. Senator Hartke questioned Robert Barker of the A.E.C.

HARTKE. Well, do you think that the testimony you've heard today indicates that you could feel very secure that the Department of Transportation is doing the type of job that you want done for you and your children . . . and the 210 million Americans here?

PARKER. With respect to the transportation of radioactive materials thru the cooperation that we do have with the Department of Transportation including all the agencies involved in the transportation (administrators involved) that program is well taken care of.

LYONS. Oscar Baake is Assistant FAA Administrator for Aviation Safety. Several weeks ago, Baake was asked by Metromedia, Washington his assessment of how the FAA is enforcing the regulations.

BAAKE. I think by several tests . . . certainly the accident record is one such test, it's clear that it has been under fairly effective control.

LYONS. On Wednesday morning, Senator Vance Hartke dropped a bombshell on the FAA. He released an internal FAA assessment of its own enforcement program.

HARTKE. We're having a discussion on which we start with, the executive summary or the conclusions. I don't think it makes much difference. They're both rather devastating in their final implications. Conclusion #1 is that, "there were no full-time hazardous materials inspectors employed in any of the air carrier district offices visited by the evaluation team." Now, in regard to that conclusion, "the 18 fulltime field positions for hazardous materials coordinators called for in an AFS 1 letter to all regions dated August 9th, 1973 have not been filled.

The southwest region has the only full-time regional coordinator, all the other regions had personnel performing their hazardous material function as colateral duty. Percentage of time spent on these duties varied from 25 per cent to 90 per cent of the individual's working time." The second conclusion is: "There is no handbook distributed to the field providing policy and guidance for carrying out the FAA HM surveillance program. Third: The ACDO's are not following a systematic inspection program for the surveillance of hazardous materials. The data obtained from response to Notice 8000.98 to survey the extent of air shipments of Hazardous Materials could aid the ACDO's in formulating an inspection program. Fourth: Inspectors have noted that regulatory materials are not clear. Inspection of freight forewarder and air carrier facilities revealed that at the majority of facilities visited packages of hazardous materials were discovered which were not in compliance with Federal Aviation Regulations. In all ". . . now this is that short period of 60 days . . ." 240 discrepancies were discovered in 70 shipments observed by the team ". . . in a 60-day period." Now . . . it's a damning indictment of the whole process. This is an in-house report done by the FAA in response to the Board's letter to which I previously referred. I'm going to make it a part of the record at this time and, therefore, it will become public.

In this draft of the investigation which was conducted in response to the Board's recommendations, they found that in 70 shipments they had 240 discrepancies. In the annual report which is going forth from the Secretary's office, the FAA noted only 232 instances. In other words, fewer instances of non-compliance in the whole year which demonstrates, I think, quite conclusively that not much went on in looking for the violations. The point that is very disturbing to me is, why they are hiding all this information from the public. There is no reason for the public not to be aware of the potential danger to which they are being exposed. And I feel that it is a disservice to the public—a disservice probably to a lot of airport employees and a lot of personnel who are operating these places.

LYONS. After the session, I asked Senator Hartke about the study.

HARTKE. The FAA study which was made as a result of the directives of the National Transportation Safety Board indicates that as far as hazardous materials is concerned, on airplanes, that very little, if anything, is being done to protect the public. In fact, not alone is very little being done but it appears that the FAA was attempting to hide the net results of their own study. In other words, they would not permit us to have a copy of the report. In fact, they refused to permit the staff even to read the report. So, I feel at this time that it's important not alone for the public to know that the hazardous materials being shipped on airplanes presents not alone, a potential danger in cargo planes but also presents a real danger in passenger planes.

LYONS. How would you categorize what you've been hearing today . . . from the Department of Transportation . . . from the AEC as far as the whole hazardous materials picture?

HARTKE. Well, the whole hazardous materials picture is very sad. I think that very little is being done. The potential for a great disaster is certainly there. Some of the smaller incidents are going unnoticed. The investigations are not complete. In fact, it's a miserable mess.

LYONS. On Thursday, I went over to ask Oscar Baake of the FAA the same question he had been asked weeks ago. How do you assess the FAA's enforcement program? And, for the first time, the FAA seemed to be admitting they have a problem.

OSCAR BAAKE. We've noticed an increase in the amount of hazardous materials that have been carried. We sense the need for a greater amount of attention but the inertia of the bureaucracy, our inability to pull people out of programs that are presently underway and move them in here, has meant in the last couple of years that we've sort of been behind the power curve slightly. This stuff has increased in intensity and it's taken us a little time to move people into it. So, when you speak of adequacy in terms of whether we've really been able to be on top of it. I think the answer is probably no . . . that we've been a little—

BAAKE (continuing)—slow in moving folk up. But there are good reasons for that. It doesn't make people who are especially concerned with hazardous materials particularly happy to know it but we have other problems in aviation that require attention. And, we examine the question of priorities typically in terms of the numbers involved . . . the statistics of how many people are hurt. We can't pull people off instrument, approach procedures or divert manpower from programs where we are having some difficulties which require attention into hazardous materials merely because we sense a statistical increase in the volume of traffic. So . . . the answer is yes. The bureaucracy moves perhaps slowly and it does require additional attention. We've given it a great deal of additional attention. Nineteen hundred and seventy three saw a very significant increase in activity in surveillance, regulatory attention over any previous year . . . Seventy-four shows, a continuing increase in that activity.

Another kind of answer to your question is essentially a statistical one. You know, historically, we look at aviation in terms of how many people have we hurt in the last decade doing certain things. And here, I think, we have to say that by any reasonable test in the long term . . . not only such gross tests as, how are we doing in aviation compared with other transportation modes . . . Well, for four consecutive years, we've posted safety records in aviation that are better than any other transportation mode barring none. There isn't any way that you can get from Point A to Point B, including by walking, that's any safer than flying and air transportation. And when we look back at the record concerning how many people we've hurt in the carriage of hazardous materials . . . Why, the record is not only good, it is exemplary . . . by any fair test.

So, you know we're not happy with our record because we also have to live in terms of the prospective threat. That's why my first answer to you is . . . no, we're not happy with it. It's got to be readjusted. We've got to get more people into it. We've got to improve things like our instructions to the field, and to develop additional materials in the form of a handbook which has been a long time in coming. But, which I think we have a pretty good handle on now and will be getting out shortly. We have to update our regulations. We have to increase the effectiveness of the administration of the programs within the Department. You know, the integration of the programs. We sure as heck have to do a better job of getting to the shipper.

LYONS. With all this agreement . . . How should the problem be handled? Consumer Advocate Ralph Nader . . .

RALPH NADER. I think what's needed is the the banning, except for the most emergency medical purposes, of all radioactive cargo on passenger planes. The airline pilots are in favor of such a ban. And I think consumer groups led by the Aviation Consumer Action Project here in Washington and the stewardess groups are fighting for a similar ban.

LYONS. You're also talking about notifying the passengers when this stuff is aboard?

NADER. Yes, I think most airline passengers should ask before they embark on a plane . . . ask the ticket agent whether the cargo manifest shows any presence of radiocative cargo in the cargo hold. And, most pilots will willingly tell the passengers whether there is or not. But, I think it should be a matter of Federal law, that is, I think a passenger has a right to find out about whether radiocative or other hazardous materials are on board the plane that they're going to take.

LYONS. The FAA's Oscar Baake says the FAA is going to try to convince shippers to regulate themselves . . . by telling them

that if they don't the government may be forced to license them.

BAAKE. We want some instruments so far as the shippers are concerned . . . some mechanisms thru which we can put the squeeze if necessary . . . identify soft spots in the system and get some action taken where we ourselves don't have the necessary authority or muscle to make it effective. But all of the awareness of the problem appears to be there.

LYONS. Captain Tom Ashwood of the Airline Pilots Association . . .

ASHWOOD. That's the most ridiculous thing I've heard. That's like your house is on fire so you mail a letter to the local fire department, inviting them to come over to discuss how they're going to put it out. They're telling these people to police themselves. I've always understood the FAA was a regulatory and enforcement agency to protect the traveling American public . . . and the crews and so forth that fly under their control and regulation. And, they're just asking these people to discuss with them how the shippers are . . . how they are going to regulate themselves and make sure they don't break any of the rules. I just don't understand this approach.

LYONS. Delta Airlines Vice President Frank ROX.

ROX. The primary responsibility, I think everyone recognizes, including the AEC, the DOT and the FAA and hopefully, you, Senator, and other members of your Committee . . . is with the shipper. If the shipper does his job, then, theoretically, we don't have a problem. We inherit the problem when the shipper doesn't package the shipment properly. Secondly, we hope the Committee will make it possible for the Department of Transportation and the Atomic Energy Commission to obtain the necessary manpower and the funds to sustain a viable and strong enforcement program.

LYONS. At the Senate hearing, Captain Alex Bonner, First Vice President of the Airline Pilots Association, gave that Association's recommendations.

BONNER. Frankly, airline pilots see the situation as nothing less than an accident of major proportions just waiting to happen. It only remains to be seen where and when it will occur. As airline pilots, we are both morally and legally responsible for the safety of our passengers and fellow crew members. We are the ones who make the ultimate determination that our aircraft is or isn't safe to fly. In a very real sense, we make a personal commitment to our passengers that all safety rules and regulations have been met, but this judgement can only be made when all the facts are available to us. In the case at issue here, all of the facts are not known. Instead, we must rely on the assurances of others that the cargo aboard our aircraft poses no threat to passengers. As more and more evidence comes to light, no airline pilot today can have the needed confidence in those assurances. As the president of our Association has warned the Federal Aviation Administration: If remedial action is not forthcoming, we may have no other alternative than to refuse flatly to operate aircraft with hazardous materials on board. We would like to make the following recommendations:

(1) Hazardous materials should be banned from passenger-carrying aircraft, with the following exceptions: (a) radioactive pharmaceuticals that are processed and ready for delivery to a patient, and transported only in minimum-risk (Category I or II) packaging; (b) dry ice used to refrigerate perishable goods; and (c) magnetic materials when packaged and loaded in accordance with applicable regulations.

(2) Hazardous materials should be carried exclusively in all-cargo aircraft, but limited to those commodities and amounts now acceptable for passenger aircraft.

LYONS. I asked Oscar Baake of the FAA if he would be in favor of banning most hazardous materials from passenger planes, as many groups have demanded.

BAAKE. I think this would be a mistake. I don't think the United States has achieved its commercial and industrial and general economic dominance by that kind of negative, which I would classify as bureaucratic approach to a problem, such as the hazardous materials problem. The ban of materials is the easy way to control it. But I think it's the negative and I think it's the bureaucratic way to control it. I think the more challenging control is one that identifies the conditions which must be met in order to carry a particular commodity safely. Now it may very well be that the particular condition may be prohibitive with respect to aviation. If it is, I'm sorry but if we will have established preicsely what is required to carry it safely then I think we will have been doing our job.

LYONS. Flight attendants have become concerned about hazardous materials on their flights . . . and want to know if the radioactive material carried on passenger planes is contributing to the large percentage of problem—

LYONS—continuing—births stewardesses have been experiencing. At the hearings . . . the flight attendants announced a joint program with the AEC to study 100 flight attendants for two months to find out exactly how much radiation they're getting from the materials carried on their planes. Reuben Robertson of the Aviation Consumer Action Project says there's something you can do.

R. ROBERTSON. I think it's very important for citizens who are concerned about the transportation of any kind of hazardous materials on airline flights, including radioactive products and explosives and chemicals to write their Congressmen about it. Write your Congressman now . . . write your Senator now and if you can write the members of the Senate Commerce Committee, that would also be helpful but it's very essential to build up a groundwave of support for reform in this area. Let your Representatives know that you think that there's a problem and want change. I think it would be very helpful to write to Senator Vance Hartke and to Senator Warren Magnuson, who's the Chairman of the full Senate Commerce Committee . . . to Senator Howard Cannon, who's the Chairman of the Senate Avaition Subcommittee and I think it's important to write to each of the members both on the Senate and the House side as well. The Chairman of the House Commerce Committee is Congressman Harley Staggers from West Virginia.

LYONS. Some groups say passengers should know what's aboard the planes . . . that planes carrying hazardous materials should have signs on them. Oscar Baake of the FAA says he doesn't think putting signs on planes would help.

BAAKE. We have a fairly deep conviction that even if there were such placards, that there wouldn't be one passenger in a thousand who would ever read it and those that would read it, it would have absolutely no effect on their transportation. We think that the impact would be nill.

LYONS. Asked if he thought the passenger should be given the chance to decide, Baake said:

BAAKE. I guess I would have to answer that by saying, if I were certain that a significant number of passengers were concerned, then I would say, yes. It wouldn't improve his safety one way or the other, so that we wouldn't feel any urgency to install a placard because a passenger would be safer with it than without it. So, I would say that if a significant number of the traveling public were to give us some indication that they wanted to make that choice, why, I would say, yes. . . . I think the FAA would be glad to accommodate them but we've never seen that kind of evidence.

LYONS. His address is Oscar Baake . . . BAAKE, Aviation Safety Office, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, D.C.

There are strong indications of movement on this issue. Pilots at Eastern Airlines are reportedly about to tell the company they won't carry radioactive cargo. If they do, pilots at other airlines will no doubt quickly follow. Some legislation will probably come out of the Commerce Committee . . . the FAA itself is even admitting it has a problem and will have to work on it. But still most of the time you fly a passenger plane . . . you're probably sitting just a few feet above some hazardous cargo . . . providing the possibility that you could be in for a lot more than you bargained for when you paid your money for a peaceful flight in an airplane.

I'm John Lyons, WNEW News. Good Night.

ANNOUNCER. Sunday News Closeup. . . . "The Hidden Passenger—An Update" . . . was written and produced by John and Christine Lyons. Executive Producer—Dick Stapleton. Sunday News Closeup is a public affairs presentation of WNEW Metromedia Radio in New York.

SENATOR COOK COMMENDS LOUISVILLE BROADCASTERS AND URBAN LEAGUE

Mr. COOK. Mr. President, as a member of the Senate Communications Subcommittee of the Commerce Committee, I have long been interested in the role that broadcasters can play in providing increased employment opportunities for women and minorities in cooperation with businesses and community organizations.

In this regard, I am very pleased and proud of the efforts being made in Louisville by the Louisville Urban League in cooperation with three of our television stations, in providing summer employment and training opportunities for minority college students in broadcasting. For the second summer in succession, three major television stations in Louisville—WLKY, WAVE, WHAS—have cosponsored a student intern program with the Louisville Urban League as part of their affirmative action program in employment. This program is partly in response to Federal Communications Commission affirmative action requirements for broadcasters to take positive steps to recruit, train, and employ women and minorities. However, our program in Louisville is also the result of a concerned group of media representatives dedicated to the provision of such employment opportunities working with a conscientious Urban League dedicated, not only to pursuing job opportunities for women and minorities, but also to providing programs and opportunities in many other areas such as housing.

The Louisville Urban League annually sponsors a dinner for the college interns and this year the dinner guest speaker was Clarence V. McKee, Esq., who is the Deputy Chief of the Industry Equal Employment Opportunity Unit in the General Counsel's Office at the Federal Communications Commission.

I had the pleasure of working with Mr. McKee while he was serving as the Professional Staff Member for the Minority

of the Select Committee on Nutrition and Human Needs—the so-called "hunger committee"—of which I am still a member. I found Mr. McKee's address to the college interns to be particularly appropriate and timely and therefore would like to have my colleagues share with me the full context of his speech, "A Little Straight Talk on Being Prepared." I ask unanimous consent that the full text of Mr. McKee's remarks be printed in the RECORD immediately following my remarks.

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

A LITTLE "STRAIGHT TALK" ON BEING PREPARED

(By Clarence V. McKee, Esq)

I come to you this evening, not to address the broadcasters, bankers and law enforcement officials who have participated in the Urban League's "internship program" nor to commend them and the Urban League for developing such a meritorius program, though commended they all must be, but rather, I come and am honored, to speak to the youth of this city, not only those who have participated and benefited, but also those countless others whom they represent.

On this occasion honoring you, the youth of Louisville, I wish to give you, as President Ford said only a week ago, "a little straight talk." A little straight talk about you, and your obligations to yourselves, your community and to your Nation.

I address myself to youth this evening because you, more than anyone else, hold the key to our civilization, our Nation, to Kentucky and to Louisville. For you are the persons to whom the "torch of leadership and the mantel of responsibility" will soon be passed by this Nation. You will be the determiners and the architects of this Nation's fate at home and abroad. And you, through your careers in broadcasting, law enforcement, banking, or other such commendable pursuits, shall chart the course for the "Ship of America" during the next several decades, generations, and centuries.

In determining what I would address myself to this evening, I considered several topics including the role of the Federal Communications Commission in insuring equal employment opportunities for women and minorities in broadcasting; or in a general discussion of this Nation's fair employment practices and non-discrimination laws. However, I concluded that such a discussion would indeed be meaningless unless you, the future editorial writers, assignment editors, bank managers, police officials and political leaders, were really prepared to assume such positions of responsibility in Louisville, in Kentucky, in the Nation and indeed the world.

Furthermore, unless you are prepared to assume such positions, then all of those of your age group who have not yet had the benefit of your education, your community, your family, and your breaks, would not be able to see you as an object of respect, admiration, imitation, and as some semblance of hope for themselves and their children.

What good is it to fight for hundreds of years for laws to insure that our basic constitutional guarantees of equal educational and employment opportunity are given to all if the benefactors of such laws cannot assume the positions and do well once the long closed door of opportunity is opened.

What will you Kentuckians tell the 24,000 black Kentuckians recruited to fight in the Civil War, and the thousands of others who have since given their lives in other wars and other causes for you to be here today?

My first premise is that YOU ARE, TO A GREAT EXTENT, THE DETERMINER OF YOUR FATE AND DESTINY. Why? Because you will have the final choice in saying either "I GIVE UP", or "I WILL FORGE ON IN SPITE OF OBSTACLES".

Why be prepared? Because you never know when the torch of leadership or the mantel of responsibility will be thrust upon your shoulders. You never know when you will be dealt the ACE. Therefore, you must be prepared to take the iniative, to take advantage of every single opportunity for knowledge, for formal education and for betterment. Man as the highest form of life in nature was not put on this planet to do nothing. You must always be able and be prepared to "take control" and to do so with confidence which inspires admiration. This applies to any situation or any professional pusuit in which you are now or will be immersed, either from your sweat and toil or that of your parents, or both.

It is useless to make attempts at "doing your own thing" without actually being prepared to do it. For if you are without preparation, then all of your attempts will only remain attempts. Now, how is all of this related to you today and tomorrow in your lives.

I am talking about your responsibilities and your obligations to yourself, your family, community and nation. They are all related. You can never lose sight of your ultimate goal—and every one of you has to have one.

If you shirk your responsibility to yourself, you also shirk it to your family, community and nation. No one will ever respect or admire you, if you lack self respect and shirk responsibility. And the first indication of a person's ability to be responsible in any capacity, is how he views his own sense of responsibility to himself.

We have seen in the past several weeks and months a shining example of why you must be prepared and why you must pursue excellence. Our laws and our form of government were geared to individuals exercising responsibility and pursuing excellence in the conduct of the affairs of government and citizenship. There is represented in our laws a confidence in the people.

Being prepared and the pursuit of excellence means that you should pay more attention to the meaning and results of words in political speeches and less to simple rhetoric. I have often become discouraged in hearing prominent individuals speak to groups of blacks or women, stating words with flowery and often firey rhetoric, which brings the audience to its feet, all ending with all persons going home talking about how great a speech was given.

It is fine to yell "Right On", but it is meaningless if nothing follows to implement the rhetoric.

It is fine to criticize in speeches problems which every one knows exists, or to criticize political leaders, without providing alternatives and follow-through suggestions and action programs.

You must learn to discern the difference between the cheap talk and rhetoric designed to make you yell "Right On", bring you to your feet, or give a speaker more news coverage, and the serious and constructive words and comments upon which the speaker can take action with you.

Concerning those youths who are less fortunate than yourselves, and to the young blacks in this city and nation who are now being the objects of experiments on "Formalizing black english" you must tell them, and those who advocate such "ghetto english" or "black english" that black english never wrote a Supreme Court brief, or edited a television commentary, or wrote a police department budget request, or wrote housing legislation. And to those who advocate such programs, you must say, if black english is so important, why is it that you have spent all of your life learning the "kings english" and perhaps sending your children to private schools to master the "kings english".

Yes, you must know and tell your colleagues that being prepared means knowing and speaking the language of communication. The name of the game today is communications—written and spoken. And if you can not communicate in the language of the people, in the media of the people, then you certainly will not have any input into your destiny or anyone else's.

How many would have followed and listened to Martin Luther King and Adam Clayton Powell if they were unable to communicate? Not many. How many people would honor and respect Senator Edward Brooke, or Congresswoman Barbara Jordan if they came on television speaking broken english. Not many, because they want to be proud of their leaders, to point to them as examples for their children to follow. You are in a similar position.

I can think of no black leader who did not have the ability to communicate to all people in any form of media.

Being prepared also means that you become more concerned with what is inside of your head than how long your hair is. That you realize that no one looks at the length of your hair but rather the contents of your mind. Fads and fashions are temporary, intelligence and knowledge last a lifetime.

You must always conduct yourself in any place, in the manner in which you view yourself in terms of your goals. If you want to someday replace my good friend and often adviser, Marlow Cook, as the U.S. Senator from Kentucky, now is the time to start conducting yourself like a U.S. Senator. In social events, in business events, be as a U.S. Senator would be courteous, respectful and learned. People will notice you.

If you want to someday be the manager of the bank like the one in which you now work, and that should be the goal, then assume the integrity, compassion for others, and self respect in your actions that would fit the position today.

If you want to someday be the General Manager of a radio or television station like the one in which you work today, and that should be the goal, then assume the character, intellect, and confidence necessary in your preparation to achieve that goal and let them know at the station that you are the one who someday could be that general manager. People will notice you.

If you want to be the editorial writer, program manager or the Chief of Police, conduct yourself like one destined for that position.

Being prepared is all of the above. It is also making sure today, that although you might take courses in black studies, that you also have read Marcus Aurelius, Aristotle, Machiavelli, James Madison the Federalist papers and other works of history's great philosophers and writers.

Being prepared and the pursuit of excellence is not only making sure that you are prepared, but also using your influence with those who are younger and less fortunate to be an example of what they must strive for. You must be prepared to bite the bullet and not hesitate to tell them that although they may think it may be fine to listen to "soul" music 24 hours a day with a portable radio or tape recorder being as attached to them as their clothing, that a future employer does not care to know who sings what song, or who can harmonize the best; remind them that everything must be put into perspective. Remind them to spend just as much time reading the paper and absorbing programs of news and public affairs as they do in listening to music.

I would not come here this evening without taking the opportunity to comment on the meaning of communications to you. We at the Federal Communications Commission

are involved every day in decisions regarding the pluses and minuses of various broadcast entities as they relate to the "public interest." In this capacity, we know that young people today, by the time they are 18 years of age, have spent more time in front of the television set than they have in school. We know that it is important therefore, for our radio and television entities to operate truly in the public interest. We do our role pursuant to our Congressional mandate. You must do your role as citizens. Work with broadcasters in a constructive manner. Tell them that you realize that the important positions in the media are the program directors, the editorial writers, the assignment editors, and until women and minorities occupy these positions and not just be the reporter or the anchor person on camera, women and minorities will not have really made it in that industry. However, women and minorities must be prepared to occupy such positions. We have the responsibility at the FCC to make sure that the access to such positions is there; it is your responsibility to make sure that once the access is gained, that the excellence and preparation needed to do a great job is there. I am confident that you will have no problems making your mark as long as you believe in yourself and your cause. I believe in you. The Federal Communications Commission believes in you. The Louisville Urban League believes in you, and your employer believes in you. You are all going to do very well. And as you go through life, keep in mind the words of the Roman Emperor Marcus Aurelius who said over 1700 years ago:

"Think nothing profitable to you which compels you to break a promise, to lose your self-respect, to hate any man, to suspect, to curse, to act the hypocrite, to desire anything that needs walls and curtains about it. For he who values his own intelligence and the divinity within him and the worship of its excellence before all else, plays no tragic part, does not groan, does not need either solitude or much company. And, what is more than all, he lives without either pursuing or flying from life. . . . Bear in mind also, that every man lives only in the present . . . And that all the rest of his life is either past or uncertain."

FAMINE IN INDIA

Mr. HUMPHREY. Mr. President, reports in recent weeks of a severe food shortage in India focus our attention once more on the widespread dimensions of the world food crisis and the complexity of the reasons behind it.

India is presently suffering a 1-million-ton shortage of fertilizer. The increased cost of nitrogen-based fertilizer, the result of escalating oil prices and reduced petroleum availabilities, combined with new U.S. export restraints on fertilizer, are in large measure the cause of this shortage. While India's food consumption for the next year is placed somewhere between 110 and 115 million tons, analysts estimate her domestic food production to reach a maximum level of 100 million tons.

Such deficits in the past have been made up by large-scale imports from the United States. However, the United States no longer has the vast reserves of former years. Because India's foreign exchange reserves have been drained by the rise in world oil prices, she is limited in purchasing food to meet her needs.

The picture is further complicated by a vast drought that has hit the northern and central regions of the country, causing a migration of millions from the countryside to the cities.

Mr. President, I wish to point out three very significant articles: "Energy, Food and Famine," by George Will, Washington Post of September 24; "Need for Large Imports Faces India as Food Crisis Worsens," by Bernard Weinraub, Washington Post of September 20; and "Millions Starving in India," by Jacques Leslie, New York Times of September 24. I ask unanimous consent that these articles be printed in the RECORD.

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

[From the Washington Post, Sept. 24, 1974]

ENERGY, FOOD, AND FAMINE

(By George F. Will)

There is an old axiom that becomes more important as the world becomes more interdependent. The axiom is: Governments cannot do one thing.

That is, governments cannot do only one thing. Every governmental action has consequences other than the consequences it was designed to have. In fact, the unintended (and often undesired and undesirable) effects of government actions frequently are more important than the intended effects.

It would be nice—it also would be amazing—if the oil producing nations, and especially the Arabs, would pause in their mischief long enough to consider how that axiom applies to what they are doing.

Last winter when the producers' cartel decided to raise prices and restrict production, the cartel members had several intentions. They wanted to make a lot of money and to isolate Israel, diplomatically, by putting intense pressure on the oil-consuming nations of Europe, North America and Japan.

But, presumably, the oil producing nations did not intend their policy to help cause—as a potential side effect—death on a scale far beyond that which World War II produced.

The sober truth is that the price and production decisions of a few officials of a few oil producing nations have helped bring more than 50 million people in Africa and along the southern rim of Asia to the brink of ghastly death by starvation.

The officials of the oil-producing nations probably did not pause last winter, while launching their price and and production policies, to consider the link between energy and food. They are not alone in not understanding agriculture.

Agriculture is the most important and least understood of the world's major industries. Indeed, one measure of the general ignorance about agriculture is the fact that many people think it is odd to call agriculture an industry. But social analyst Peter Drucker is correct:

"Agriculture in the developed countries had become the most productive, the most capital-intensive, the most highly mechanized, and altogether the most 'industrial' of all modern industries. It is an industry with a very high input of scientific knowledge per unit of production, From being the most traditional sector, agriculture in the developed countries has become the most progressive sector."

The industrial dimension of agriculture—and the energy component—is increasingly important even in developing nations. It involves the use of heavy machinery and most important, fertilizer. One billion people—a quarter of the world's population—is fed by the extra crop yields that fertlizers produce.

In recent years India became virtually self-sufficient in wheat, thanks to a new grain that is very dependent on fertilizer. But the most important fertilizer is nitrogen, and much of it comes from natural gas and petroleum. This year India is suffering a one million ton fertilizer shortage, in large measure because oil production has been cut/and because soaring fertilizer costs caused the U.S. government to restrict fertilizer exports. (Even with a partially protected supply, U.S. farmers this year will spend 50 per cent more—nearly $2 billion more—on fertilizer than they spent last year.)

For every 15-cent pound of fertilizer that India lacks, India loses 10 pounds of wheat. This year's fertilizer shortage will cost India 10 million tons of grain—a year's supply for 50 million Indians.

Americans use three million tons of fertilizers on lawns, rose gardens, nonplastic football fields, cemeteries and for other ornamental purposes. Various oil-producing nations are "flaring"—burning as waste—4.5 trillion cubic feet of natural gas each year. That is 10 times more natural gas than the U.S. uses each year to produce nitrogen fertilizer and it is enough to produce double the current world consumption of nitrogen fertilizer.

When the oil-producing nations made their price and production decisions last winter, they did not intend to produce a fertilizer shortage to discombobulate the world agricultural industry, and to expose millions to famine. But the fact that this great evil was unintended will not make anyone's life easier, or longer.

[From the Washington Post, Sept. 20, 1974]

MILLIONS STARVING IN INDIA

(By Jacques Leslie)

NEW DELHI.—As each day of unrelenting sunshine passes, the possibility of widespread starvation provoked by drought is growing in India.

Roughly 200 million people, a third of India's population, live in areas seriously affected by drought. In several states up to half of the November rice crop has already been lost. In some areas drinking water is difficult or impossible to obtain.

Migration from dry countryside areas to cities, perhaps involving hundreds of thousands of people, is thought to have occurred.

New Delhi newspapers frequently carry reports of starvation deaths. Government officials maintain that the only deaths so far have been "hunger-related"—the result of disease or malnutrition rather than outright starvation.

While that distinction may be largely semantic, the more important issue is the possibility of famine in the next few months.

"If the monsoon continues to be dormant," said one foreign agricultural specialist, "there could be large numbers of people dying of starvation."

The experts, who just completed a tour of drought-struck areas, said that in some places "as far as the eye can see, plants are shriveling. They look half-dead, and they are past recovery." This year's drought is not yet considered as harsh as another one two years ago, but its impact may be more devastating. This is because India depleted its food reserves in alleviating the effects of the 1972 drought and has been unable to replenish them since.

While 110 million tons of food is required this year to avoid serious malnutrition, authorities now predict that this year's crop may not top 100 million tons even if the drought ends now.

Thus, depending on the severity of the drought, the government will be forced to import as much as 10 million tons—a figure that might be beyond the government's capacity.

First, India's limited foreign exchange

reserves, already drained by the increase in world oil prices, prevents the government from buying all the food required on the world market.

The only other alternative is aid. But here too, the prospect is discouraging, since potential donor nations such as the United States do not have a substantial food surplus this year and India is not alone in needing food.

The crunch periods will be the next six weeks before the arrival of the present crop and a period of two or three months before the next crop comes in spring.

Hoarding by farmers anxious to get the best price for their crop is contributing to the present shortage. The government has the problem of fixing the food price for public distribution high enough to encourage farmers to sell their stocks but low enough to hold down inflation. Partially because of the drought, food prices in India have gone up 37 per cent this year.

Some foreign officials here accuse the Indian government of being short-sighted in dealing with the food situation. One agricultural observer said, "A year ago they should have made firm commitments on fertilizer imports. They should have moved into world grain markets in May and June when prices were lower."

Officials at an international relief organization charged that delays by the government in declaring an emergency would hurt relief operations later on. An emergency declaration "is going to come out so late that our agency won't be able to help," one official said. "Right now we are introducing programs in limited blocks. In an emergency situation everything could be increased."

[From the New York Times, Sept. 24, 1974]

NEED FOR LARGE IMPORTS FACES INDIA AS FOOD CRISIS WORSENS

(By Bernard Weinraub)

NEW DELHI, September 23.—India's grave food situation has deteriorated in the last two weeks. Further millions are facing hunger in several northern states.

Government officials, still optimistic that widespread starvation in the north can be averted, hope that food imports and a national drive to "de-hoard" will ease the situation. The drive is aimed at wealthy farmers who have kept supplies off the market as prices rise.

But economists and food experts agree that the nation is in the grip of a crisis that can be eased only with sizable imports—seven million to ten million tons. A wide belt of northern and central India is drought stricken, and millions of hungry people are moving into cities in the eastern state of Orissa.

Almost every day there are reports of hunger and violence in Uttar Pradesh, Gujarat, West Bengal and Rajashtan. In Agra, site of the Taj Mahal, riots broke out last week and food shops were looted. A minister in West Bengal said that 15 million people in rural areas were either starving or living on one meal a day. A report said that more than 500 people had died of malnutrition in the state.

Gujarat is now in the grip of the worst drought in 79 years. In the last two weeks more than 200,000 head of cattle have migrated there from Rajasthan, where officials are alarmed because as much as 85 per cent of the current autumn harvest has been destroyed. "The state is faced with the grim reality of fighting the worst-ever famine in its history," said The Indian Express.

Many human tragedies exemplify India's food crisis.

In Bombay, the penniless widow of a soldier wandered from crematorium to crematorium pleading to place the body of her child, dead of malnutrition, on the funeral pyre of a stranger. The police finally took the body to a morgue and the woman was given something to eat. There are reports of mothers in Madhya Pradesh selling their children for food, and families in Assam struggling to subsist on grass, seeds and roots.

Emaciated villagers in West Bengal are wandering through the countryside in search of food, eating, according to one report, whatever they can possibly chew.

"My only hope is that death will strike fast," said Samsul Ahmed, the father of six, beginning for alms outside a district office in Siliguri.

SHADOW OF HUNGER

"The cruel shadow of hunger and starvation is falling across the land," The Economic Times said recently.

The Indian Express said: "Famine conditions, widespread destitution and starvation deaths are being reported from different parts of the country. It is, of course, a set official policy not to admit starvation deaths. But that cannot hide the ugly reality."

Government officials had hoped that some late summer rain could have salvaged the crop. But a prolonged dry spell with only paltry rainfall in the last two weeks, coupled with the absence of power for irrigation, a chaotic food distribution system and dwindling stocks, diesel shortages, the worst inflation in India's post-independence history and a relentlessly growing population have created a grim mood in New Delhi.

One agriculture specialist said that India was facing "immense problems in terms of human misery, malnutrition and starvation." He added: "The big question is how many people will actually die."

CITY VIOLENCE FEARED

"It's a problem of the cities," another expert said. How will the cities be fed and how will they keep violence from getting out of hand?"

"Not only is it the drought but the whole administrative machinery," said an expert. "No one is accounted for. There's little dedication to the job. It's a failure of planning, of looking ahead to expand irrigation and fertilizer facilities. Things are done in a haphazard way. You have an administrative set-up that was designed by the British to suppress a maximum number of people, and that same system is working today."

The autumn harvest, the source of most of India's food, is expected to produce only 60 million tons of grain, compared with 67 million tons last year. The target was 69 million tons.

It is now predicted that total grain production for the next agricultural year, which runs from July, 1974, to June, 1975, may reach 100 million tons. With India's population growing at 13 million a year, minimum food needs are thought to range from 115 million to 120 million tons. That would mean a gap of up to 20 million.

India averted starvation in the last two years only by using her food reserves—as much as nine million tons two years ago—and by buying some food abroad.

India's reserves now are at an ebb, perhaps as low as two million tons, and the international market has tightened. So far, India has ordered 2.7 million tons abroad, mostly from the United States.

Officials are especially worried about food shortages in the dense cities. Eighty million to 100 million Indians in cities—the numbers fluctuate—depend on a ration system, which enables families to buy fixed amounts of rice and wheat at low prices.

The food for the ration shops is purchased from farmers by the government at a set price. Last year the government distributed through the ration system about 11.5 million tons of grains. The year before 11 million tons was distributed.

This year, some experts say, India must distribute 12 million tons of food to her city dwellers. But the nation has bought less than five million tons from farmers. The Government has said that ration shops will distribute 10-million tons of food, but this seems doubtful. The gap will have to be filled by imports.

"It's obvious that the public distribution system is going to be cut back and this is very dangerous," said one European expert.

"The system is absolutely inadequate to meet the needs," he said. "For the first time the middle class is being pushed hard. Before this it was the poor. The middle class are not as complacement as the poor, and the situation looks very bad."

DACCA, BANGLADESH, September 23.—Prime Minister Mujibur Rahman left Dacca today for the United Nations to appeal for more aid for his shattered nation.

He told newsmen that his country has reached "near famine conditions" and said he had ordered 4,300 gruel kitchens set up in the hope of feeding almost all the nation's 75 million people.

Thousands are pouring into Dacca seeking food and shelter after devastating monsoon floods destroyed rice crops on more than 500,000 acres, the Government said.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, the morning business is concluded.

RESTRUCTURING OF THE RAILROAD RETIREMENT SYSTEM

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate Calendar No. 1112, H.R. 15301, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 15301) to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Labor and Public Welfare with amendments on page 15, in line 2, strike out "months." and insert in lieu thereof "months—".

On page 28, in line 19, after "202", strike out "(d)," and insert in lieu thereof "(d)".

On page 41, at the end of line 24, insert "(converted to a decimal fraction)".

On page 61, at the beginning of line 3, strike out "COMPENSATION" and insert in lieu thereof "COMPUTATION".

On page 64, in line 12, strike out "in".

On page 65, in line 76, strike out "subsection" and insert in lieu thereof "subsections".

On page 75, at the beginning of line 2, strike out "months," and insert in lieu thereof "month,".

On page 80, in line 9, strike out "payments" and insert in lieu thereof "payment".

On page 93, at the end of line 21, insert "insurance".

On page 93, in line 24, strike out "II," and insert in lieu thereof "II".

On page 103, in line 21, after "those" insert "of".

On page 113, in line 22, strike out the parentheses and the figure "1" and insert in lieu thereof parentheses and a lower case "L".

On page 114, in line 14, strike out "(f)" and insert in lieu thereof "(g)".

On page 115, in line 6, strike out the parentheses and the figure "1" and insert in lieu thereof parentheses and a lower case "L".

On page 116, in line 9, after "206" strike out "(a)".

On page 116, beginning with line 12, insert "such amount as the Board determines, on an estimated basis, is equal to the excess of (i) the interest which such account will actually earn in the fiscal years 1976 through 2000 over (ii) the interest which such account would have earned in such fiscal years if the provisions of subsection (e) of this section were identical to the provisions of section 15(c) of the Railroad Retirement Act of 1937."

On page 116, in line 18, after the period, strike out "One half of 1 percent of taxable payroll for each such fiscal year."

On page 116, beginning with line 20, insert "at the time of each actuarial valuation made prior to the fiscal year 2000 pursuant to the provisions of subsection (g) of this section".

On page 116, in line 22, strike out "1994, and 1999".

On page 121, at the end of line 8, strike out "subsection" and insert in lieu thereof "section".

On page 125, in line 9, after "206" strike out "(a)".

On page 130, in line 17, strike out "as" and insert in lieu thereof "or."

On page 133, in line 22, strike out "(a)".

On page 134, in line 6, strike out "subsection" and insert in lieu thereof "section".

On page 135, in line 11, strike out "subsection" and insert in lieu thereof "section".

On page 136, at the beginning of line 12, strike out "subsection" and insert in lieu thereof "section".

On page 136, in line 23, strike out "subsection" and insert in lieu thereof "section".

On page 137, in line 11, strike out "subsection" and insert in lieu thereof "section".

On page 137, in line 21, strike out "subsection" and insert in lieu thereof "section".

On page 141, in line 9, after "206" strike out "(a)".

On page 142, in line 9, strike out "(a)".

On page 142, in line 16, strike out "(a)".

On page 143, in line 6, strike out the parentheses and the figure "1" and insert in lieu thereof parentheses and the lower case "L".

On page 144, beginning with line 17, strike out (1) by striking out "(o)" at the beginning thereof and inserting in lieu thereof "(o)(1)";

On page 144, at the beginning of line 19, strike out "(2)" and insert in lieu thereof "(1)".

On page 144, at the beginning of line 22, strike out "(3)" and insert in lieu thereof "(2)".

On page 145, at the beginning of line 1, strike out "(4)" and insert in lieu thereof "(3)".

On page 147, at the beginning of line 1, strike out "and inserting in lieu thereof "Railroad Retirement Act of 1974.".

Mr. STAFFORD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged to either side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 2 o'clock today.

The motion was agreed to; and at 1:22 p.m. the Senate took a recess until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

ORDER OF BUSINESS

Mr. PASTORE. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for the quorum call not be counted against the other bill.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1975—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on H.R. 15404, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15404) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies for the fiscal year 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of September 19, 1974, at page 31712.)

Mr. PASTORE. Mr. President, the act making appropriations for the Departments of State, Justice, Commerce, the judiciary, and related agencies, as it passed the Senate, provided a total of $5,262,502,000 in new obligational authority, which sum was a reduction of $190,297,600 below the revised budget estimates and $48,852,100 below the House.

The conference committee's recommendation provides a total of $5,290,157,100 in new obligational authority. This is an increase of $27,655,100 in the Senate allowance and is $21,297,000 under the House allowance. The conference total represents a reduction of $162,642,500 under the revised budget estimates totaling $5,452,799,600, which sum included $40,990,000 in budget amendments which came directly to the Senate and were not considered by the House. The total of this bill reported from conference is 3 percent under the amended budget estimates.

Mr. President, I would like to now briefly point out the major changes from the Senate-passed bill.

DEPARTMENT OF STATE

For the Department of State, the conferees agreed on a total of $705,692,000, which amount is $1,034,000 below the Senate bill, $6,908,000 above the House allowance, and $38,303,000 below the budget. The Senate considered $27,726,000 in budget amendments not considered by the House.

For the International Commission of Control and Supervision in Vietnam, the conferees recommend $5,658,000, the Senate allowance to be available only upon the enactment of authorizing legislation.

For American Sections, International Commissions, the conferees recommend $1,350,000 which sum is $20,000 below the Senate allowance and the budget estimate of $1,370,000.

For mutual educational and cultural exchange activities, the conferees recommend $54 million, which sum is $1 million below the Senate allowance of $55 million, is $1 million over the House allowance, and is a reduction of $3,500,000 below the budget.

For the Center for Cultural and Technical Interchange Between East and West, the conferees recommend $7,400,000 which sum is $14,000 below the Senate allowance and the budget estimate and is an increase of $200,000 over the House.

DEPARTMENT OF JUSTICE

For the Department of Justice, the committee on the conference agreed to a total of $2,089,002,000, which amount is $13,340,000 above the Senate bill, $57,873,000 below the revised budget estimate, and $23,510,000 below the House allowance. The Senate considered $5,200,000 in budget amendments not considered by the House.

Under salaries and expenses, general legal activities, the conferees recommend language included by the Senate making not to exceed $30,000 available for expenses of collecting evidence, to be expended under the direction of the Attor-

ney General and accounted for solely on his certificate.

For the Immigration and Naturalization Service, the conferees recommend $175,850,000 which sum is $500,000 below the Senate allowance of $176,350,000 and is $500,000 above the House allowance of $175,305,000. The conferees are agreed that all of the additional positions allowed are for the Border Patrol.

For the Federal Prison System, buildings and facilities, the conferees recommend $27,690,000 instead of $53,200,000 proposed by the House and $13,850,000 proposed by the Senate. The increase of $13,840,000 over the Senate allowance consists of $2,550,000 for site acquisition and planning for a northeast adult complex and $11,290,000 for construction of a southeast youth complex for which a site has been chosen. The conferees are agreed that upon selection of a site for a northeast youth complex, consideration will be given to a supplemental request for funds.

For support of U.S. prisoners, the conferees recommend $26,200,000, the Senate allowance and budget estimate and an increase over the House of $1,500,000. This increase was contained in a budget estimate not considered by the House and will be used to liquidate a deficit incurred in this account in fiscal 1974.

DEPARTMENT OF COMMERCE

For the Department of Commerce, the committee of the conference recommends a total of $1,374,478,000, which amount is $14,250,000 above the Senate bill, $40,385,000 below the revised budget estimate, and $3,350,000 below the House allowance. The Senate considered $8,046,000 in budget amendments not considered by the House.

For Domestic and International Business Administration, the conferees recommend $58,750,000, a reduction in the Senate allowance of $250,000.

For the U.S. Travel Service, the conferees recommend $11,250,000, an increase of $250,000 over the Senate allowance of $11,000,000 and a reduction of $283,000 in the budget estimate.

For the National Oceanic and Atmospheric Administration, the conferees recommend $434,300,000, the Senate allowance and a reduction of $2,000,000 below the House. The sun recommended is $15,207,000 below the amended budget estimate. In addition, the conferees recommend language included by the Senate which provides that the sum of $500,000 shall be made available to the Atlantic States Marine Fisheries Commission, $175,000; the Gulf States Marine Fisheries Commission, $200,000; and to the Pacific Marine Fisheries Commission $125,000.

For science and technical research, the conferees recommend $61,400,000, a reduction of $750,000 in the Senate allowance of $62,150,000, but an increase of $1,000,000 over the House. The increase of $1,000,000 for the National Bureau of Standards consists of $500,000 for computer science technology, $250,000 for safety research on radioactive materials and X-ray equipment, and $250,000 for replacement of general laboratory equipment.

For the Maritime Administration—ship construction, the conferees recommend $275,000,000, the House allowance and budget estimate, and an increase of $15,000,000 over the amount proposed by the Senate.

THE JUDICIARY

For the judiciary, the conferees recommend a total of $297,513,100, the Senate allowance, a decrease of $60,000 in the House allowance and a decrease of $15,743,500 below the budget estimate. The Senate considered a budget amendment of $18,000 for the Supreme Court, not considered by the House.

RELATED AGENCIES

For related agencies, the conferees recommend a total of $823,472,000, an increase of $1,099,100 over the Senate allowance, a reduction of $1,285,000 below the House, and a reduction of $10,338,000 under the budget estimate.

For the Commission on the Organization of the Government for the Conduct of Foreign Policy, the conferees recommend $1,594,000, a reduction of $900 in the Senate amount.

For the Equal Employment Opportunity Commission, the conferees recommend $53,597,000, a decrease of $1,250,000 below the sum approved by the Senate of $54,847,000. In addition, the conferees recommend $3,500,000 for the limitation on payments to States and local agencies, an increase of $1,000,000 over $2,500,000 proposed by the House.

For the Marine Mammal Commission, the conferees recommend $750,000 instead of $900,000 proposed by the Senate and $600,000 proposed by the House. In addition, the amendment will provide that, notwithstanding section 207 of Public Law 92-522, not to exceed $300,000 may be used for administrative expenses.

For the Small Business Administration, the conferees recommend a transfer of not to exceed $85,415,000 from the revolving funds to salaries and expenses, instead of $86,180,000 as proposed by the Senate and $84,650,000 as proposed by the House. Also recommended is the sum of $327,500,000, an increase of $500,000 over the Senate proposal for the Business Loan and Investment Fund. For the Disaster Loan Fund, the conferees recommend $90,000,000, the Senate allowance.

For the U.S. Information Agency, the conferees recommend $218,462,000 for the regular salaries and expense account, an increase of $2,000,000 over the Senate allowance. In addition, $8,377,000 is recommended for salaries and expenses, special foreign currency program.

Mr. President, I shall be happy to answer any questions that any Senator would like to ask.

I ask unanimous consent that a tabulation of the fiscal year 1974 appropriations and the budget House-Senate and conference committee allowances for the fiscal year 1975 be printed in the RECORD.

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

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975

TITLE I—DEPARTMENT OF STATE

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

Item	New budget (obligational) authority, fiscal year 1974 (enacted to date)[1]	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference action
(1)	(2)	(3)	(4)	(5)	(6)
Administration of Foreign Affairs:					
Salaries and expenses	$322,180,000	$352,000,000	$349,650,000	$349,650,000	$349,650,000
Representation allowances	1,200,000	[2]1,500,000	1,350,000	1,350,000	1,350,000
Acquisition, operation, and maintenance of buildings abroad	22,358,000	22,914,000	22,914,000	22,914,000	22,914,000
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	5,462,000	4,870,000	4,870,000	4,870,000	4,870,000
Emergencies in the diplomatic and consular service	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Payment to Foreign Service retirement and disability fund	20,535,000	20,535,000	20,535,000	20,535,000	20,535,000
Total, administration of foreign affairs	373,835,000	403,919,000	401,419,000	401,419,000	401,419,000
International Organizations and Conferences:					
Contributions to international organizations	218,537,000	214,079,000	205,903,000	205,903,000	205,903,000
Missions to international organizations	5,951,000	6,660,000	6,600,000	6,600,000	6,600,000
International conferences and contingencies	6,200,000	6,400,000	6,400,000	6,400,000	6,400,000
International trade negotiations	1,744,000	2,465,000	2,000,000	2,000,000	2,000,000
International commission of control and supervision		[3]27,726,000		5,658,000	5,658,000
Total, international organizations and conferences	232,432,000	257,330,000	220,903,000	226,561,000	226,561,000

Footnotes at end of table.

Item	New budget (obligational) authority, fiscal year 1974 (enacted to date)[1]	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference action
(1)	(2)	(3)	(4)	(5)	(6)
International Commissions:					
International Boundary and Water Commission, United States and Mexico:					
Salaries and expenses	$4,595,000	$4,701,000	$4,701,000	$4,701,000	$4,701,000
Construction	3,800,000	[4] 7,731,000	6,231,000	6,231,000	6,231,000
American sections, international commissions	1,003,000	1,370,000	1,300,000	1,370,000	1,350,000
International fisheries commissions	3,575,000	4,030,000	4,030,000	4,030,000	4,030,000
Total, international commissions	12,973,000	17,832,000	16,262,000	16,332,000	16,312,000
Educational Exchange:					
Mutual educational and cultural exchange activities	50,587,000	57,500,000	53,000,000	55,000,000	54,000,000
Center for cultural and technical interchange between East and West	6,925,000	7,414,000	7,200,000	7,414,000	7,400,000
Total, educational exchange	57,512,000	64,914,000	60,200,000	62,414,000	61,400,000
Other: Payment to International Center, Washington D.C.	2,200,000				
Total, title I, Department of State	678,952,000	743,995,000	698,784,000	706,726,000	705,692,000
TITLE II—DEPARTMENT OF JUSTICE					
Legal Activities and General Administration:					
Salaries and expenses, general administration	$17,334,000	$22,486,000	$21,850,000	$21,850,000	$21,850,000
Salaries and expenses, general legal activities	53,361,000	[5] 60,530,000	59,000,000	59,000,000	59,000,000
Salaries and expenses, Antitrust Division	14,790,000	[5] 16,882,000	16,762,000	16,762,000	16,762,000
Salaries and expenses, U.S. attorneys and marshals	108,050,000	[5] 129,952,000	126,600,000	126,600,000	126,600,000
Fees and expenses of witnesses	13,100,000	14,200,000	14,200,000	14,200,000	14,200,000
Salaries and expenses, Community Relations Service	3,551,000	4,050,000	3,750,000	3,750,000	3,750,000
Total, legal activities and general administration	210,186,000	248,100,000	242,162,000	242,162,000	242,162,000
Federal Bureau of Investigation: Salaries and expenses	392,290,000	435,600,000	433,100,000	433,100,000	433,100,000
Immigration and Naturalization Service: Salaries and expenses	153,704,000	[18] 184,100,000	175,350,000	176,350,000	175,850,000
Federal Prison System:					
Salaries and expenses, Bureau of Prisons	143,374,000	172,500,000	169,000,000	169,000,000	169,000,000
Buildings and facilities	14,800,000	53,200,000	53,200,000	13,850,000	27,690,000
Support of U.S. prisoners	21,500,000	[6] 26,200,000	24,700,000	26,200,000	26,200,000
Total, Federal prison system	179,674,000	251,900,000	246,900,000	209,050,000	222,890,000
Law Enforcement Assistance Administration: Salaries and expenses	870,675,000	886,400,000	880,000,000	880,000,000	880,000,000
Drug Enforcement Administration: Salaries and expenses	112,664,000	140,775,000	135,000,000	135,000,000	135,000,000
Total, title II, Department of Justice	1,919,197,000	2,146,875,000	2,112,512,000	2,075,662,000	2,089,002,000
TITLE III—DEPARTMENT OF COMMERCE					
General Administration:					
Salaries and expenses	$8,625,000	$10,773,000	$9,800,000	$10,200,000	$10,200,000
Special foreign currency program	2,940,000				
Total, General Administration	11,565,000	10,773,000	9,800,000	10,200,000	10,200,000
Social and Economic Statistics Administration:					
Salaries and expenses	41,000,000	[7] 52,128,000	47,977,000	47,977,000	47,977,000
Periodic censuses and programs	19,100,000	23,579,000	23,000,000	22,250,000	22,250,000
Total, Social and Economic Statistics Administration	60,100,000	75,707,000	70,977,000	70,227,000	70,227,000
Economic Development Administration:					
Economic development assistance programs	[9] 220,500,000	[9] 184,200,000	184,200,000	184,200,000	184,200,000
Administration of economic development assistance programs	20,100,000	[10] 17,787,000	17,625,000	17,625,000	17,625,000
Total Economic Development Administration	240,600,000	201,987,000	201,825,000	201,825,000	201,825,000
Regional Action Planning Commissions: Regional development programs	42,000,000	35,008,000	34,995,000	34,995,000	34,995,000
Domestic and International Business Administration:					
Operations and Administration	53,700,000	59,521,000	58,500,000	59,000,000	58,750,000
Participation in U.S. expositions	150,000				
Total Domestic and International Business Administration	53,850,000	59,521,000	58,500,000	59,000,000	58,750,000
Foreign Direct Investment Regulation: Salaries and expenses	2,700,000	[11]			
Minority Business Enterprise: Minority business development	35,681,000	[12] 55,374,000	53,000,000	52,000,000	52,000,000
U.S Travel Service: Salaries and expenses	11,100,000	11,533,000	11,500,000	11,000,000	11,250,000
National Oceanic and Atmospheric Administration:					
Operations, research, and facilities	367,001,000	[13] 449,507,000	436,300,000	434,300,000	434,300,000
Coastal zone management	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Administration of Pribilof Islands	3,598,000	3,937,000	3,937,000	3,937,000	3,937,000
Fishermen's Guaranty Fund	101,000	125,000	61,000	61,000	61,000
Offshore Shrimp Fisheries Fund	325,000				
Total, National Oceanic and Atmospheric Administration	383,025,000	[14] 465,569,000	452,298,000	450,298,000	450,298,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975—Continued
TITLE III—DEPARTMENT OF COMMERCE—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

Item	New budget (obligational) authority, fiscal year 1974 (enacted to date)	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference action
(1)	(2)	(3)	(4)	(5)	(6)
National Bureau of Fire Prevention: Operations, research, and administration		$13,000,000	$7,000,000	$6,000,000	$6,000,000
Patent Office: Salaries and expenses	$71,982,000	[15] 77,194,000	76,300,000	76,300,000	76,300,000
Science and Technical Research: Scientific and technical research and services	65,232,000	65,835,000	60,400,000	62,150,000	61,400,000
Maritime Administration:					
Ship construction	275,000,000	275,000,000	275,000,000	280,000,000	275,000,000
Operating-differential subsidies (appropriation to liquidate contract authority)	(244,515,000)	(242,800,000)	(242,800,000)	(242,800,000)	(242,800,000)
Research and development	19,000,000	27,500,000	25,500,000	25,900,000	25,900,000
Operations and training	36,827,000	40,462,000	40,333,000	40,333,000	40,333,000
Total, Maritime Administration	330,827,000	343,362,000	341,233,000	326,233,000	341,233,000
Total, title III, Department of Commerce	1,308,662,000	1,414,863,000	1,377,828,000	1,360,228,000	1,374,478,000
TITLE IV—THE JUDICIARY					
Supreme Court of the United States:					
Salaries	$4,154,000	$4,496,000	$4,450,000	$4,450,000	$4,450,000
Printing and binding Supreme Court reports	515,000	565,000	565,000	565,000	565,000
Miscellaneous expenses	605,000	642,000	642,000	642,000	642,000
Automobile for the Chief Justice	16,000	16,300	16,300	16,300	16,300
Books for the Supreme Court	63,000	63,000	63,000	63,000	63,000
Care of the building and grounds	1,493,300	[16] 687,300	669,300	687,300	687,300
Reappropriation	75,000		371,500	371,500	371,500
Total Supreme Court of the United States	6,921,300	6,469,600	6,777,100	6,795,100	6,795,100
Court of Customs and Patent Appeals: Salaries and expenses	677,000	816,000	782,000	782,000	782,000
Customs Court: Salaries and expenses	2,424,000	2,479,000	2,479,000	2,479,000	2,479,000
Court of Claims: Salaries and expenses	2,194,000	2,341,000	2,341,000	2,341,000	2,341,000
Courts of Appeals, District Courts, and Other Judicial Services:					
Salaries of judges	27,300,000	27,975,000	27,975,000	27,975,000	27,975,000
Salaries of supporting personnel	90,000,000	103,756,000	101,800,000	101,822,000	101,822,000
Representation by court-appointed counsel and operation of defender organizations	18,675,000	15,700,000	15,700,000	15,700,000	15,700,000
Fees of jurors	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000
Travel and miscellaneous expenses	12,909,000	15,365,000	15,200,000	15,100,000	15,100,000
Administrative Office of the U.S. Courts	4,208,000	5,645,000	5,090,000	5,090,000	5,090,000
Salaries and expenses of U.S. magistrates	7,837,000	8,764,000	8,764,000	8,764,000	8,764,000
Salaries of referees (special fund)	6,991,000	6,990,000	6,990,000	6,990,000	6,990,000
Expenses of referees (special fund)	13,300,000	14,101,000	14,000,000	14,000,000	14,000,000
Total, courts of appeals, district courts, and other judicial services	199,720,000	216,796,000	214,019,000	213,941,000	213,941,000
Federal Judiciary Center: Salaries and expenses	2,073,000	2,699,000	2,400,000	2,400,000	2,400,000
Space and Facilities, the Judiciary: Space and facilities		78,500,000	66,100,000	66,100,000	66,100,000
Expenses, U.S. Court Facilities: Furniture and furnishings		[17] 3,156,000	2,675,000	2,675,000	2,675,000
Total, title IV, the Judiciary	214,009,300	313,256,600	297,573,100	297,513,100	297,513,100
TITLE V—RELATED AGENCIES					
Arms Control and Disarmament Agency: Arms control and disarmament activities	$8,065,000	$9,500,000	$9,250,000	$9,250,000	$9,250,000
Board for International Broadcasting: Grants and expenses	49,625,000	49,840,000	49,800,000	49,800,000	49,800,000
Commission on American Shipbuilding: Salaries and expenses	205,000				
Commission on Civil Rights: Salaries and expenses	5,950,000	6,905,000	6,850,000	6,850,000	6,850,000
Commission on the Organization of the Government for the Conduct of Foreign Policy: Salaries and expenses	1,050,000	1,600,000	1,250,000	1,594,900	1,594,000
Department of the Treasury: Bureau of Accounts: Fishermen's Protective Fund	1,000,000				
Equal Employment Opportunity Commission: Salaries and expenses	44,400,000	56,170,000	52,347,000	54,847,000	53,599,000
Federal Maritime Commission: Salaries and expenses	6,385,000	7,382,000	7,300,000	7,300,000	7,300,000
Foreign Claims Settlement Commission: Salaries and expenses	947,000	1,250,000	1,240,000	1,240,000	1,240,000
Marine Mammal Commission: Salaries and expenses	412,000	1,000,000	600,000	900,000	750,000
National Commission for the Review of Federal and State Laws Relating to Wiretapping and Electronic Surveillance: Salaries and expenses	332,000	500,000	332,000	332,000	332,000
Small Business Administration:					
Salaries and expenses:					
Appropriation	23,000,000	27,100,000	26,500,000	26,500,000	26,500,000
Transfer from revolving funds	(78,150,000)	(86,200,000)	(84,650,000)	(86,180,000)	(85,415,000)
Payment of participation sales insufficiencies	973,000				
Business loan and investment fund	225,000,000	328,000,000	328,000,000	327,000,000	327,500,000
Disaster loan fund		91,000,000	91,000,000	90,000,000	90,000,000
Total, Small Business Administration	248,973,000	446,100,000	445,500,000	443,500,000	444,000,000
Special Representative for Trade Negotiations: Salaries and expenses	1,519,000	1,925,000	1,850,000	1,850,000	1,850,000
Tariff Commission: Salaries and expenses	7,400,000	9,000,000	8,900,000	8,900,000	8,900,000

Footnotes at end of table.

Item	New budget (obligational) authority, fiscal year 1974 (enacted to date) [1]	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommeded in House bill	New budget (obligational) authority recommended in Senate bill	Conference action
(1)	(2)	(3)	(4)	(5)	(6)
U.S. Information Agency:					
Salaries and expenses	$203,062,000	$222,091,000	$219,668,000	$216,462,000	$218,462,000
Salaries and expenses (special foreign currency program)	6,000,000	9,377,000	8,700,000	8,377,000	8,377,000
Special international exhibitions	10,774,000	6,770,000	6,770,000	6,770,000	6,770,000
Special international exhibitions (special foreign currency program)	78,000				
Acquisition and construction of radio facilities	1,000,000	4,400,000	4,400,000	4,400,000	4,400,000
Total, U.S. Information Agency	220,914,000	242,638,000	239,538,000	236,009,000	238,009,000
Total, title V, related agencies	597,177,000	833,810,000	824,757,000	822,372,900	823,472,000
Total, titles I, II, III, IV, and V, new budget (obligational) authority	4,717,997,300	4,452,799,600	5,311,454,100	5,262,502,000	5,290,157,100
Consisting of—					
1. Appropriations	4,717,922,300	5,452,799,600	5,311,082,600	5,262,130,500	5,289,785,600
2. Reappropriations	75,000		371,500	371,500	371,500
Memoranda:					
Appropriations to liquidate contract authorizations	(244,515,000)	(242,800,000)	(242,800,000)	(242,800,000)	(242,800,000)
Total appropriations, including appropriations to liquidate contract authorizations	(4,962,512,300)	(5,695,599,600)	(5,554,254,100)	(5,505,302,000)	(5,532,957,100)

[1] Includes amounts in 2d Supplemental Appropriation bill, 1974. In addition the bill includes an indefinite appropriation for certain prior-year pay cost increases.
[2] The budget proposed consolidation of this item with "Salaries and expenses."
[3] $27,726,000 contained in S. Doc. 93-88 not considered by House.
[4] Excludes request of $94,575,000 for the Colorado River International Salinity Control project.
[5] The budget proposed consolidation of "Salaries and expenses, Antitrust Division" and "Salaries and expenses, U.S. attorneys and marshals" with "Salaries and expenses, general legal activities."
[6] Includes $1,500,000 contained in S. Doc. 93-89 not considered by House.
[7] Includes $2,145,000 not considered by House (H. Doc. 93-305—$700,000; S. Doc 93-93—$1,455,000).
[8] Reflects consolidation of appropriation items.
[9] Includes budget amendment of $30,200,000, contained in H. Doc. 93-305.
[10] Includes budget amendment of $1,787,000, contained in H. Doc. 93-305.
[11] Reflects withdrawal of budget estimate of $1,971,000 in H. Doc. 93-305.
[12] Excludes request of $39,527,000 for the Community Development Corporation program.
[13] Includes $5,901,000 not considered by House (H. Doc. 93-305—$300,000; S. Doc. 93-93—$5,601,000).
[14] Excludes $6,630,000 contained in the Special Energy Research and Development Appropriation Act, 1975 (Public Law 93-322 approved June 30, 1974).
[15] The budget included this item in "Scientific and technical research and services."
[16] Includes $18,000 contained in S. Doc. 93-85 not considered by House.
[17] Estimate contained in H. Doc. 93-221, transmitted to the Congress on Feb. 25, 1974.
[18] Includes $3,700,000 contained in S. Doc. 93-101 not considered by House.

Mr. HRUSKA. Mr. President, as ranking minority member on the Subcommittee on State, Justice, and Commerce, the Judiciary, and Related Agencies appropriation bill, I would be terribly remiss if I failed to commend our chairman, the senior Senator from Rhode Island (JOHN O. PASTORE), for his faithful diligence in maintaining the priorities established by the Senate during our conference with Members of the House.

This conference report which is on the desk of every Member should be adopted. It was approved by the conferees as the best possible solution to those items and matters in disagreement by the two Houses.

Last month President Ford outlined his views to the Congress with respect to frugality in Government and the necessity that we all cut Government spending. I share those views, Mr. President, and because this conference report is bare bones and is $162,642,500 or 3 percent below the budget, I commend it to my colleagues as worthy of quick approval by the Senate.

Mr. PASTORE. Mr. President, I move that the conference report be agreed to.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 28 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert:

: *Provided further*, That the Chief Judge of each circuit may appoint a senior law clerk to the Court at not more than $30,000 per annum, without regard to the limitations referred to above

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 33 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert: $750,000: *Provided*, That, notwithstanding section 207 of Public Law 92-522, not to exceed $300,000 may be used for administrative expenses

Mr. PASTORE. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate Nos. 28 and 33.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

SENATE RESOLUTION 409—DESIGNATING THE PERIOD SEPTEMBER 23 THROUGH SEPTEMBER 27 AS "MEALS-ON-WHEELS WEEK"

Mr. McGOVERN. Mr. President, I ask unanimous consent that a resolution (S. Res. 409) submitted on yesterday be corrected to concur with the proper language. It is simply a perfecting amendment.

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

The resolution (S. Res. 409), with its preamble, is as follows:

S. RES. 409

Resolution, designating the period September 23 through September 27 as "Meals-on-Wheels Week".

Resolved, Whereas, the World Hunger Action Coalition has proclaimed the week of September 22 through September 29 as the "Week of Concern for World Hunger," and

Whereas, the thousands of Meals-on-Wheels organizations in the United States, Canada, and many other countries provide hot, nourishing meals each day to the hungry, housebound, elderly, handicapped, and the disabled, without regard to race, creed, color, or financial ability, and

Whereas, the vast majority of these Meals-on-Wheels organizations are privately organized as activities of local churches, temples, or concerned civic groups, and

Whereas, such Meals-on-Wheels programs enable millions of individuals to remain in their homes and maintain their health, and

Whereas, Meals-on-Wheels has grown to serve the purposes previously listed since it was first started in England in 1939 and begun in the United States in 1954, and

Whereas, as elected public servants, we welcome and encourage programs which serve the less fortunate and are especially grateful for efforts which originate on a volunteer basis in the private sector, and

Whereas, those meals are planned, packaged, and delivered by the enterprise, compassion and devotion of literally thousands of volunteers who are helping to bring a measure of human warmth and love to those they serve: Now, therefore, be it

Resolved, That the period September 23 through September 27 be designated as "Meals-on-Wheels Week" in the United States in recognition of the selfless service these Meals-on-Wheels units perform and in honor of the first National Conference of Meals-on-Wheels.

RESTRUCTURING OF THE RAILROAD RETIREMENT SYSTEM

The Senate continued with the consideration of the bill (H.R. 15301) to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder, and for other purposes.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HATHAWAY. Mr. President, what is the pending business?

The PRESIDING OFFICER. H.R. 15301, the railroad retirement bill.

Mr. HATHAWAY. Is there a time agreement on that?

The PRESIDING OFFICER. Three hours on the bill, 1 hour on each amendment.

Mr. HATHAWAY. Thank you, Mr. President.

I ask unanimous consent that Angus King, Frank Crowley, and Robert Hunter be given the privilege of the floor during debate and votes on the pending measure.

The PRESIDING OFFICER (Mr. McCLURE). Without objection, it is so ordered.

Mr. BEALL. Will the Senator yield?

Mr. HATHAWAY. I am happy to yield, but I have one more unanimous-consent request.

Mr. President, due to an error in the printing of this bill, a part of one line stricken from the House bill was omitted from this print. I ask unanimous consent that this language, which should appear in line type, be reinserted on page 116, line 22, immediately following the word "section." The words are "during fiscal years 1979, 1984, 1989,".

The PRESIDING OFFICER. Is there objection? The Chair hears none. It is so ordered.

Mr. HATHAWAY. Mr. President, I yield to the Senator from Maryland (Mr. BEALL).

Mr. BEALL. Mr. President, I ask unanimous consent that David Rust of my staff be given the privilege of the floor.

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

Mr. HATHAWAY. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. HATHAWAY. Mr. President, the Senate is considering today a major piece of legislation aimed at solving a chronic problem which has been before this body all too often in the past several years. The bill I refer to is H.R. 15301, which would restructure the railroad retirement system. As all of my colleagues are aware, this system, which provides retirement and disability benefits to over one million of our citizens, is currently in serious financial difficulty. Estimates vary, but all projections indicate bankruptcy for the railroad retirement fund by the early 1980's if no changes are made. It is out of this crisis situation that H.R. 15301 has grown.

Serious questions were first raised as to the actuarial soundness of the railroad retirement system in 1970 at the time that consideration was being given to an increase in railroad retirement benefits. Since adequate information on which to base a long-term solution was not then available, Congress established a Commission on Railroad Retirement to study the system and its financing for the purpose of making recommendations as to the measures necessary to provide adequate levels of benefits on an actuarially sound basis—Public Law 91–77.

On September 7, 1972, the report of the Commission was received by Congress. The principal recommendations set forth in this report called for the restructuring of the railroad retirement program into a two-tier system, under which railroad employees would receive a basic benefit payable exactly the same as social security benefits, with a second tier of benefits over and above the social security tier.

The Commission further recommended that future accrual of dual benefits—payment of separate social security and railroad retirement benefits—should be stopped, but that "legally vested rights" of railroad workers and railroad retirement beneficiaries to benefits based on social security covered nonrailroad service should be guaranteed; that a "firm financial plan" should be adopted to finance the second, or staff tier of railroad retirement benefits on an assured, fully self-supporting basis by contributions from the railroad community; and that the railroad retirement benefit formulas should be restructured "to assure that the overall benefits in the future continue to bear a reasonable relationship to wages in a dynamic economy and to make benefits more equitable among the various groups of beneficiaries." As will be seen as I outline the major provisions of this bill, it carries out, in significant part, these recommendations made by the Commission.

Shortly after the Commission issued its report, Congress enacted Public Law 92–460, which contained a provision instructing representatives of railroad labor and management to enter into negotiations that would take into consideration the Commission's specific recommendations and to submit a report containing their mutual recommendations as to what measures should be taken to assure the receipt of sufficient revenues to finance the benefits provided by the Railroad Retirement Act. Pursuant to that directive, the representatives submitted a report, dated February 27, 1973, calling attention to the complex issues involved and stating that substantial progress had been made in shaping mutual agreeable recommendations.

Subsequently, Public Law 93–69 was enacted, a provision of which directed the representatives of labor and management to present to Congress their joint recommendations in the form of a draft bill for restructuring the railroad retirement system in a manner which will insure its long-range actuarial soundness. The bill before us today implements the recommendations submitted by the Joint Labor-Management Railroad Retirement Negotiating Committee in accordance with the directive contained in Public Law 93–69.

Essentially, the bill provides for a complete restructuring of the system by preventing the future accrual of so-called dual-benefit rights and breaking the retirement benefit into two components, one reflecting a basic social security benefit—calculated on the basis of both railroad and nonrailroad service—and the other related strictly to railroad service. The dual benefits of those already retired as well as those still active in railroading who are vested under both systems as of January 1, 1975, are protected.

Further, the formula for the second tier—the "staff" benefit—is altered by the bill so as to produce future benefit levels which bear a reasonable relationship to wages. It should be noted that these two changes in existing law—the elimination of future dual benefits and the alteration of the formula—are major concessions on the part of the workers in this industry and account for cutting the system's deficit by more than one-half.

For their part, the rail carriers, through this bill and last year's legislation—Public Law 93–69—have taken on the responsibility for funding the entire future cost of the system, with two exceptions: the employees will continue to pay a tax equal to the social security tax paid by all other workers, and the cost of the phasing out of dual benefits will be borne by the general revenues. This cost is estimated to amount to 3.64 percent of payroll or $285 million a year on a level cost basis for the next 25 years.

It is possible, I should note, that this cost could rise to a maximum of $315 million a year due to cost-of-living increases in the dual benefits. I would point out, however, that this increase is not certain, and, in any case, would be entirely offset by gains anticipated from the changes the bill makes in the investment policy of the railroad retirement fund.

Prior to last year's changes, the cost of the system was borne equally by the workers and the carriers, an arrangement contrary to that prevailing in most major American industries.

Obviously, the question which can be asked about this bill is why the future dual benefit cost should be carried by the general revenues. This cost—estimated at $285 million a year, as I mentioned—represents the amount necessary to continue paying dual benefits—that is, benefits under both social security and railroad retirement—to those people protected under the bill—present retirees and those currently vested under both systems. And this cost constitutes the major segment of the present railroad retirement deficit. In order to explain how this situation arose and to justify the general revenue appropriations authorized in this bill, it is necessary to go back to the interrelationship between the railroad retirement and social security systems and trace the roles of the carriers, railway labor, and the Congress.

In 1951 the Congress created what is called the financial interchange, under which the railroad retirement system was reinsured with the social security system. Under this program, the railroad retirement system pays to the social security system each year an amount equal to the taxes which would have been paid by all railroad employees, and by the railroads, if railroad service were service

covered under the Social Security Act. The social security system, on the other hand, transfers to the railroad retirement system each year an amount equal to the total of social security benefits which would have been paid to all retired railroad employees, their dependents, and survivors if all railroad service of the employees since 1936 had been covered under the Social Security Act. The net result of the financial interchange program has been a transfer over the years of $8.2 billion from the social security system to the railroad retirement system.

The Social Security Act prohibits payment of multiple benefits to any individual under that act. For this reason, whenever an individual receiving railroad retirement benefits also qualifies for social security benefits, the amounts paid to the railroad retirement system under the financial interchange on account of that individual are reduced by the total of the social security benefits which that individual receives. The lost reimbursement to the railroad retirement system over the years arising out of this situation is in excess of $4 billion, and it is estimated that the present value of the future lost reimbursement which will arise out of the provisions of the bill continuing payment of both railroad retirement and social security benefits to certain individuals is an additional $4½ billion.

A principal factor leading to this $8½ billion loss to the railroad retirement account—$4 billion in the past and $4½ billion in the future—arises out of the manner in which benefits are computed under the Social Security Act. That act grants proportionately greater benefits to persons with relatively short periods of covered service and relatively low wages. In computing the amounts to be transferred to the railroad retirement system under the financial interchange arising out of the service of any individual employee, the amounts to be transferred are computed on the basis of both his railroad employment and his nonrailroad employment. When that individual then begins to draw benefits from the social security system based upon his nonrailroad employment, the amounts by which the financial interchange reimbursement are reduced are disproportionate to the individual's total employment, railroad and nonrailroad. In other words, a person working 40 years for the railroads would get a smaller social security benefit than someone working 20 years for the railroad and 20 years for someone else. And therein lies the dual benefit problem.

H.R. 15301 eliminates this situation for the future by providing for the computation of railroad retirement tier I benefits under the social security formula based on both railroad and nonrailroad service.

So the question we were confronted with was who should bear the cost, estimated to be 3.64 percent of taxable payroll, of continuing these benefits to persons already retired and those with vested rights protected under the bill.

The Office of Management and Budget has suggested that this cost can be met by simply cutting benefits under the bill. The committee rejected this suggestion for three reasons: First, cutting off the benefits of those already receiving or legally entitled to them would clearly be inequitable.

These individuals have a right to receive those benefits the law had led them to rely upon or expect. Second, as I have mentioned, more than half of the long-range cost of putting the overall system in actuarial balance under this bill is accomplished through significant reductions in benefits payable to future retirees. These reductions include the prohibition of future dual benefits as well as changes in the benefit formula. Finally, since accrual of future dual benefit rights is prohibited under the bill, it seems unfair to assign this cost to people who will never be able to collect such benefits.

Then the question becomes whether these costs should be assigned to the carriers. Aside from the obvious questions as to whether the carriers, particularly those in the northeast, can afford this additional burden, the committee—and the House—decided that to place the cost on them would be inequitable.

In the first place the railroads had no part in the creation of this dual benefit situation. The lost reimbursement to the railroad retirement system arising out of individuals becoming entitled to social security benefits arises out of nonrailroad employment performed by these individuals—employment which has not benefitted the railroad industry in any fashion. A further factor leading to lost reimbursement arises in part out of provisions contained in the Social Security Act, and the formula for the computation of benefits thereunder—again matters over which the railroad industry has no control. With respect to legislation enacted repealing restrictions on dual benefits, the railroad have consistently opposed such legislation.

The problem of dual beneficiaries has not occurred overnight. In 1953, when the problem was discussed in the report of the Joint Committee on Railroad Retirement established under Senate Concurrent Resolution 51, 82d Congress, approximately 15 percent of railroad retirement beneficiaries were also entitled to social security benefits. The report stated:

> With regard to persons with ten years or more of service the problem of dual benefits is not now serious, and if this ever should become a problem in the future, it could be solved by amendment to the Railroad Retirement Act, or the Social Security Act, without integration. (S. Rept. 6, Part I, 83d Cong. 1st Sess., p. 6.)

Today approximately 40 percent of railroad retirement beneficiaries are also entitled to social security benefits. This has resulted from liberalizations in eligibility requirements for social security benefits being enacted, and from acts repealing restrictions on railroad retirement benefits for persons also receiving social security benefits.

A detailed study of the legislative history of the various congressional actions with regard to the development of the dual benefit problem clearly indicates that this increase in dual beneficiaries from 15 percent of railroad retirees to 40 percent is, in large measure, attributable to acts of Congress which have made it possible for individuals to qualify under both acts. And, as I mentioned before, the rail carriers in each instance are on record as being firmly opposed to these various congressional actions. Each year the problem has grown just a bit greater than it was the year before, but it was not until the Commission on Railroad Retirement submitted its report in 1972 that the full dimensions of the problem became apparent. It hardly seems fair for Congress to have created, maintained, and even expanded a discriminatory and irrational pension structure which in no way benefits the railroad industry and then turn around and thrust its enormous costs onto that industry.

I should point out to my colleagues that there is precedent for the approach taken in this bill. I refer here to the appropriations made from the general revenues each year to cover the cost of allowing social security and railroad retirement credits for military service. Providing these payments represents a policy decision by the Congress that it would be inequitable not to provide them—and we do pay the cost out of general revenue. By the same token, the decision which we are making in this bill—and with which few of my colleagues would quarrel—is that it would be fundamentally unfair to cut off these dual benefits to those already receiving them and those with a legally vested expectation of receiving them. And by making this decision, we assume a Federal responsibility. Just as we would not impose the social security on the worker's last premilitary employer, so we should not impose this dual benefit cost on the railroad industry.

Before concluding on this point, I should say a word about the effect of this bill on the present troubled state of the national economy.

Mr. CURTIS. Mr. President, will the Senator yield for a question or two on the benefits before he goes to the economy discussion?

Mr. HATHAWAY. If the Senator will refrain, I just have another page or so in my general remarks, and then I would be glad to answer his questions at that time.

Mr. CURTIS. I would be happy to defer.

Mr. HATHAWAY. It will be argued, I am sure, that the cost associated with this bill—by adding to the size of the Federal budget—will aggravate our already chronic inflation. A strong case can be made that exactly the opposite will happen—that a tax increase on the carriers instead of the public financing provisions of the bill would actually lead to more inflation which will hit quicker than any generated by the present bill. A simple look at the economics of the transportation industry, shows why. The railroads, by and large, simply cannot afford to absorb the costs associated with this bill.

In the industry in general these costs would sop up almost one-half of net income. And they would simply put many roads that much more in the hole. So if this cost cannot be absorbed, what hap-

pens to it? It gets passed on to shippers—and then to consumers obviously—in the form of a rate increase. And that is direct, measurable inflation in the price of every good shipped by rail, from coal to automobiles, from chemicals to wheat.

In short, we have isolated and ended the source of Railroad Retirement's difficulties—the continuation and growth of the dual benefit problem. This process has required sacrifices from both railway management and railway labor, and, we feel, requires participation by the Federal Government. Although we do not relish the necessity of this participation, it is a finite cost which seems justified by the long-range solution agreed upon in this bill.

Mr. President, I do not wish to prolong my remarks but would only call to the attention of my colleagues several other important features of the bill.

The first of these is the fact that several benefit liberalizations are made—not across the board, but to certain groups of beneficiaries. These changes, which have a cumulative cost estimated at 3.1 percent of payroll, provide:

First, people who retire at age 60 with 30 years of service could receive supplemental annuities at age 60, rather than at age 65;

Second, the spouse of an individual who retires at age 60 with 30 years of service could qualify for a spouse's annuity at age 60, rather than at age 65—these two provisions make fully effective the early retirement provisions passed last year—and

Third, the benefits generally payable to survivors—most widows—would be increased from 110 percent of the comparable social security benefit to 130 percent of the comparable benefit.

I should point out that this last change, which is the most significant in terms of cost, follows an explicit recommendation of the Commission on Railroad Retirement and answers what is undoubtedly the number one criticism of the program by the retirees themselves.

An additional change in current law made by the bill concerns control of the investments of the railroad retirement fund. Presently, the Secretary of the Treasury determines the manner in which the account will be invested. Under the bill this authority over investments would be vested in the Railroad Retirement Board and any additional income earnings would be used, in effect, to reduce the payments out of general revenues authorized to meet the cost of phasing out dual benefits. We were informed in committee that under the House-passed provision, the Railroad Retirement Board, by returning low-interest earning investments and making new investments at higher interest rates, anticipated additional income over the long-run equal to one-half of 1 percent of taxable payroll, or $30 million a year.

However, the formula used to determine the amount to be transferred to the Treasury as an offset for general revenue payments might result in transfers in excess of the actual additional interest earnings. Accordingly we have modified the House bill so that the additional interest earnings as actually determined by the Board will be deducted from the authorization for general revenue contributions under the bill. Thus, any gain from the change in investment policy will accrue to the general taxpayers as long as there is Federal participation in the funding of the system.

Mr. President, I have presented a brief look at our approach to a most complex and troublesome subject. I hope that my colleagues will support this bill as the best and most equitable solution available to the problems of this system. And, finally, I hope that this measure will mark the end of the difficult period all those involved in this system have just been through and the beginning of a new system which will be both more stable and more fair.

I yield to the Senator from Nebraska.

Mr. CURTIS. I thank my distinguished colleague, and I commend him for his statement and the clarity with which he has presented it.

The committee has worked on this matter that is filled with problems, it has been difficult, and which has been with Congress for some time.

In the matter of establishing the record there are a few questions I would like to ask. One is this: When we speak of a dual system, it is not for the same employment, is that not correct?

Mr. HATHAWAY. Not for what?

Mr. CURTIS. Not for the same identical work performed.

Mr. HATHAWAY. The Senator is correct. It is for different employers.

Mr. CURTIS. In other words, the Social Security Act does not apply to railroad labor.

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. But this dual system of benefits comes about when individuals who are performing railroad labor have a second job.

Mr. HATHAWAY. That is correct.

Mr. CURTIS. Or a third job.

Mr. HATHAWAY. Either concurrently or one following the other.

Mr. CURTIS. And from that job they earn social security entitlement.

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. And to that extent it is somewhat similar to the problem in reference to civil service employees who may work for the Government; and civil service employees, for the most part, do not pay social security taxes nor does the Government as the employer; yet many of them will be entitled to benefits; is that correct?

Mr. HATHAWAY. They are not really the same because under civil service there is no financial interchange as there is under the railroad retirement system. It is dual benefits as they affect the financial interchange that forms the basis for the shortfall that we are trying to take care of in this bill by the appropriation of $285 million a year out of general revenue for a period of 25 years.

Mr. CURTIS. Yes.

Now, as I understand the new plan, if a retiring employee or other beneficiary is entitled to benefits, he receives the amount from the social security fund to which he is entitled, and then from the railroad retirement fund he gets a supplement for that to bring it up to the promised amount; is that correct?

Mr. HATHAWAY. The Senator is correct. He receives a social security benefit as part of his railroad retirement check.

Mr. CURTIS. Does the Senator happen to know how much the tax or contribution of an individual railroad employee is at the present time, assuming that he pays the maximum?

Mr. HATHAWAY. A railroad employee pays the same as a social security employee now.

Mr. CURTIS. How much does it amount to in dollars?

Mr. HATHAWAY. I think it is 5.8 percent.

Mr. CURTIS. Is it not on a lesser base?

Mr. HATHAWAY. It is 5.8 percent. The base is somewhat less, up to about $2,000 less.

Mr. CURTIS. What is the maximum dollar amount that a railroad employee pays into the railroad retirement fund? Is it in the neighborhood of $63 a month?

Mr. HATHAWAY. It is about that, yes.

Mr. CURTIS. How much does the employing company, the railroad company, pay?

Mr. HATHAWAY. In the neighborhood of some 15 percent.

Mr. CURTIS. About three times.

Mr. HATHAWAY. That is correct. About three times, as much as the employee pays.

Mr. CURTIS. In the neighborhood, we are talking about the maximum, of about $195?

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. So, on a 12-month basis, it is roughly in the neighborhood of $2,300?

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. Under this new plan, will the dollar amount to be contributed by railroad employees be in any way diminished?

Mr. HATHAWAY. No, it will not.

Mr. CURTIS. How about the dollar amount contributed by the railroad company, will that be in any way diminished?

Mr. HATHAWAY. No, it will not be diminished.

Mr. CURTIS. How many railroad employees are there in the country?

Mr. HATHAWAY. There are presently 600,000 railroad employees.

Mr. CURTIS. And how many beneficiaries are on the railroad retirement rolls?

Mr. HATHAWAY. A little over a million.

Mr. CURTIS. So we have over a million beneficiaries of the retirement system as compared to 600,000 workmen?

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. Now, that part that the General Treasury of the United States is going to pick up represents the total amount they would earn under social security; is that correct?

Mr. HATHAWAY. The amount the taxpayers will pick up represents the shortfall in the financial interchange resulting from the dual-benefit system. The cost is the amount necessary to continue dual-benefit payments to those who are already retired and those who have a

vested interest in both systems, both social security and railroad retirement as of January 1, 1975.

Under the dual-benefit system, the railroad employee is unique in that he receives, in effect, two social security payments, one from social security and one as a component of his railroad benefit.

Another employee working for two different employers would not receive two checks such as that because his two employment periods would be added together to compute one social security benefit. The problems arises because the social security system favors the lower income employee. When you add his two checks together, they are greater than if that employee had had all his service, railroad and nonrailroad, lumped together. However, the social security system has been reimbursing the railroad retirement system as if that railroad employee was getting only one benefit.

As a result of that, there is a differential which has amounted, as I stated in my general remarks, to $4 billion over the past 23 years, and we estimate $4.5 billion for the next 25 years. The sum of $285 million per year on a level basis for the next 25 years will make up for that deficit.

Mr. CURTIS. What happens in the estimated period of 25 years?

Mr. HATHAWAY. At the end of the 25 years, there will no longer be any necessity of any payment made from general revenues.

Mr. CURTIS. Is it expected that with the exception of someone who already has an entitlement to two benefits that the entire cost of his retirement, if he is a railroad employee, will be borne by the railroad retirement fund?

Mr. HATHAWAY. It is expected, yes.

Mr. CURTIS. What if that individual in the future performs labor in a second job?

Mr. HATHAWAY. If he does not have a vested interest under the railroad retirement system and the social security system as of January 1, 1975, he will not be entitled to the so-called dual benefits. He will be paid a social security component of his railroad retirement based on rail and nonrail service just like any other social security recipient, and he will get the second tier of benefits based strictly on his railroad service.

Mr. CURTIS. That part, that will end, will be the interchange, and the reimbursement comes to an end for the new employees, but what will be the situation of a young man who starts out now in railroad and continues on for the normal period to retirement and then, in addition, he has a second job, totally unrelated to railroading, on which he and his employer pay the social security tax, will he be entitled to two benefits?

Mr. HATHAWAY. He will not be able to accrue dual benefits because he will not be vested under the system, so he will be just like any other employee.

Mr. CURTIS. What will prevent——

Mr. HATHAWAY. If he goes to work for 10 different employers, he gets one check based on his employment with those 10, no matter whether he worked for the railroad or who he worked for, but the railroad employee will get an additional benefit from the railroad retirement fund from the additional moneys that the carriers put in.

Mr. CURTIS. Perhaps I have not made myself clear.

Here is what I assume, the young man starts out now, he enters the railroad employment, he continues on for the normal number of years and he retires, but he also has a second job which he and his employer pay the social security tax on.

Will he be entitled to both retirement funds figured independently?

Mr. HATHAWAY. He will get one social security benefit as part of his railroad retirement and he gets an additional benefit based on contributions made to the railroad retirement fund.

That is not the same as a dual benefit.

Mr. CURTIS. Well, I will withdraw the word "dual."

Will he not get two benefits handled separately?

Mr. TAFT. Will the Senator yield?

Mr. HATHAWAY. He will get one check which will include his social security component.

Mr. TAFT. Will the Senator yield?

Exactly the same as an employee covered by a private employer and social security.

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. Most people covered by a private pension plan are also covered by social security.

Mr. TAFT. Yes, and this is essentially what will happen to a railroad employee under this bill. He will get his "private pension" as tier II or his railroad retirement benefit and he will get his social security as tier I.

Mr. CURTIS. Yes.

Mr. TAFT. But in the future, there will not be any dual benefit social security cost on the interchange with the railroad retirement fund.

Mr. CURTIS. In other words, and I do not wish to be argumentative, I merely want to understand because we run into this in social security legislation and we have the same problem in reference to other groups that are extant from social security, the biggest group is the civil service group, but there are, for instance, firemen in some cities and States, as well as some other employees, that are not covered by social security.

Now, for the new railroad employee that operates under the passage of this bill, his situation in regard to a second job will be the same as a civil service employee's situation is now, is that correct?

Mr. TAFT. That is correct, in that he will get social security credit for his nonrailroad work. He will not get two checks, however, as his social security entitlement will show up as tier I of his railroad retirement check.

Mr. CURTIS. Is it not true that one of the things that made this legislation necessary at this time is that the railroad retirement fund could not carry on and pay its obligations under existing law?

Mr. HATHAWAY. That is right. We estimate the fund would be bankrupt about 1980 if it continues as at the present.

Mr. CURTIS. So the contribution to be made by the Federal Government over the next 25 years is brought about by the threat of bankruptcy of the railroad retirement fund, as a practical matter?

Mr. HATHAWAY. That is correct.

Mr. CURTIS. I thank my distinguished colleagues for their helpful information.

Mr. HATHAWAY. Mr. President, I reserve the remainder of my time.

Mr. SCHWEIKER. I yield 15 minutes to the distinguished Senator from Ohio.

Mr. TAFT. I thank the Senator.

I would like to thank the distinguished Senator from Maine for a very lucid explanation of a very complicated subject. I concur with many of the comments which he has made.

Mr. President, I urge support of H.R. 15301, a bill to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder, as amended in the Labor and Public Welfare Committee.

As I view it, there is really only one matter that is controversial in this bill. I refer to the provision under which Federal funds would be used to finance, in part, the phase-out cost of windfall dual benefits to the extent of $285 million per year over a 25-year period. Frankly, I had some misgivings myself on this aspect of the bill, but after having reviewed the testimony given before the subcommittee and studying the problem carefully, I have come firmly to the conclusion that the solution proposed by the bill is the only rational one.

Dual benefits are the social security benefits that under existing law a railroad employee may qualify for by working for an employer covered by social security, whether on a "moonlighting" basis or as a separate part of his working career.

They are dual benefits in the sense that, under the financial interchange between railroad retirement and social security, a basic portion of all regular railroad retirement benefits is financed by social security. A second social security benefit, paid directly, is thus in that sense dual to a part of the railroad retirement benefit.

These dual benefits produce a windfall to the employee, because they involve the payment of two social security benefits in relation to an employee's working career, and the nature of the social security formula is such that if a career is split into two pieces and a separate social security benefit is computed in relation to each piece their total is greater than the amount of a single social security benefit computed in relation to the entire career.

Dual benefits of this nature are unique to the railroad industry—no other private industry in the United States has them.

The dual benefit windfall is inequitable in that it gives an advantage to employees who split their working careers between railroads and other industries, as compared with employees who devote their entire working careers either to

the railroad industry or to industries under social security. On the other hand as to employees entitled and retirees the benefits are in effect vested and promised, and Congress has so regarded them.

Finally, dual benefits resulted in added cost to the railroad retirement system because under the financial interchange the railroad retirement system is charged with the windfall cost, even though the benefit is a social security benefit.

Dual benefits are not like most elements of the railroad retirement system in representing the product of an agreement between railroad management and railroad labor. Quite the contrary. They were imposed on the railroad retirement system by action of the Congress, over the objection initially of railroad labor as well as railroad management, and every stage of liberalization by Congress thereafter was over the objections of railroad management.

I believe this problem of dual benefits must be examined in historical perspective. Before 1950, because of the way the social system was set up, there was no real problem of people qualifying under both social security and railroad retirement, and shortly after the financial interchange was introduced a joint committee of Congress reported that if dual benefits ever should become a problem it could be solved by amendment of either the Railroad Retirement Act or the Social Security Act. In 1950 the social security system was changed so that it became easier to qualify for social security benefits and not at all difficult to qualify during a single working career for both railroad retirement and social security benefits, but at that time there were certain restrictions in effect on the payment of dual benefits. The railroad employee labor unions as well as the railroads opposed legislation which would eliminate those restrictions.

Congress nevertheless enacted legislation in 1954, and the foundations were laid for development of the problem. Subsequently, on three occasions the railroad employees labor unions joined with the railroads in supporting legislation which would prevent an increase in social security benefits being duplicated by an increase in railroad retirement benefits for the retired employee who was receiving the dual benefit. On other occasions this was not agreed to. Although the problem began to be recognized for what it was, its full dimensions did not become clear until in 1972 the Commission on Railroad Retirement, which had been created as the result of our legislation in 1970, made its report. In the meantime, in 1971, 1972, and 1974 the Congress enacted further increases in both social security and railroad retirement benefits, and the legislation was so structured that for those who were receiving dual benefits there was a double increase.

These dual benefits are now responsible for an actuarial deficit in the railroad retirement system of almost 8 percent of taxable payrolls. The total deficit in that system is slightly more than 9 percent. So the dual benefits are directly responsible for about 85 percent of the deficit.

Mr. President, I ask for the yeas and nays on the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TAFT. The railroads and the labor unions have agreed to eliminate dual benefits in the future. Under the pending bill, no new employees, and no present employees unless they are fully qualified under both railroad retirement and social security by the end of this year, would receive dual benefits, and those who are qualified would not be able to earn future dual benefit credits after this year. Those measures would cut the future potential cost of the dual benefits by more than 4 percent of taxable payroll. That is more than one-half of what would be the cost of dual benefits; it is almost one-half the total deficit.

There remain, however, the rights of those now on beneficiary rolls who are receiving dual benefits and those not yet retired who have already qualified for dual benefits. Under the pending bill, those on beneficiary rolls would continue to receive the windfall portion of the dual benefits they are now receiving, and those who have already qualified as of prescribed qualifying dates will on retirement receive the windfall portion of the benefit for which they have qualified. In both cases the windfall amounts will be frozen upon retirement and will not be subject to any increase which may be made thereafter in social security benefits. This treatment of those on beneficiary rolls and those who are, so to speak, already vested is generally in keeping with the recommendations of the Commission on Railroad Retirement, and I do not see how we in Congress could fault the industry or the unions for recommending that those people be taken care of in accordance with existing commitments.

With these measures effectuated by the enactment of the pending bill, over the next several decades dual benefits will disappear from the railroad retirement system. However, payment of the windfall to those limited classes who would continue to receive them through their lifetimes would have to be financed. It is estimated at about 3⅔ percent of taxable payroll on a level basis. The critical issue is—who will bear the cost?

Under the bill the phaseout cost of dual benefits would be paid out of general revenues. The bill as reported by the committee calls for the Railroad Retirement Board to estimate the amount the railroad retirement fund would require, on a level basis, over the next 25 years ending with the fiscal year 2000 which, with additional interest income as will be hereinafter discussed, would enable that fund at this point to pay all the windfall dual benefits to the limited and shrinking group of people still entitled to them. This, of course, would include benefit payments continuing, on a diminishing basis, after the year 2000 as well as before that year. According to the committee amendment, the Railroad Retirement Board is to update its estimates every 3 years. On the basis of the Board's initial estimates, it appears that what we are talking about is a contribution from the general revenues of $285 million, or probably less, annually over a 25-year period.

I am frank to admit that this calling on the Treasury is troublesome, and it was a last resort. But let us consider the alternatives.

In doing so we must recognize that the windfall dual benefit is an inequitable benefit. It gives an advantage to the split career employee and to the "moonlighter" over the employee who has stuck by the railroad industry, and over any other industrial worker who has not divided his time between the railroad industry and other private industry. It provides an unrealistically large benefit in relation to the tax payments the employee made under social security during his working career. When we are dealing with such an inequitable benefit, no method of financing can be entirely equitable. The job before us is to find the least inequitable method.

First, can we turn to the railroad community to finance it?

If we were to look to the current and future employees for financing, we would place this cost on those who cannot benefit from the very program we would be calling on them to finance. Furthermore, under our legislation last year the railroad employees are paying retirement taxes at the same rate as employees in industries covered by social security. To interfere with that arrangement without the most compelling reasons for doing so would in my judgment, be a mistake.

Can we look to the railroads for the phaseout cost? This too would seem unwarranted. As I stated earlier, the railroads opposed the dual benefits from the outset. The railroads have received no benefit from the service which gives rise to the dual benefit: That is service for employers under social security, not for railroad employers. The railroads and their employees have jointly borne the dual benefit cost for the last 20 years, and it has amounted to $4 billion—the cost of a social security benefit paid for service to employers under social security.

Neither does it make sense to impose the cost on the railroads in the thought that they will pass it on to the shipping public in the form of higher freight rates. In the first place, competitive considerations might make it difficult if not impossible for the railroads to recoup all their increased cost in this way. Second, to the extent that railroads could increase freight rates, it would place them at a competitive disadvantage—and would invite their competition to increase their rates too. Third, through increased freight rates by the railroads and their competitors, and through the cumulative effect of freight rate increases which carry through with a multiplier effect to the prices of the commodities that are shipped, this process would be the most inflationary of all possible ways of raising the money.

The solution that the parties themselves suggested was that inasmuch as they were dealing with a social security

benefit, the social security system would be called upon to finance it. But it turned out that, although the social security system is not in the grave financial difficulty the railroad retirement system is in, there are foreshadowings of possible future difficulties. Representative WILBUR MILLS discussed this subject on the House floor during the September 12 debate on H.R. 1530. Accordingly, the other Chamber dropped the idea of social security financing, and our committee has concurred.

That rules out every one but the one body really responsible for this condition. The Congress has been responsible for providing these dual benefits, and for increasing them to the point where they have become such a burden. It seems only right that we recognize the matter for what it is—a legislative error—and take the only steps that are available to us to correct it. By that I mean that we should authorize the backup financing which would assure the payment of windfall dual benefits to the two groups who would be entitled to them in the future, until those groups disappear and the payments run out.

Let me make clear that I am not suggesting this as a means of picking up the deficit in the railroad retirement system. It is true that with all the changes which the parties have agreed to and this bill would provide, including the financing of the phaseout of windfall dual benefits, the system will be on a sound basis, but the parties themselves have made arrangements, by changing the benefit formula, and, more important, by putting a stop to the further accrual of dual benefit credits, that will do far more than we are being asked to do to take care of the deficit. All that is involved is the payment of that part of the windfall dual benefits, during the phaseout period, that is not financed as a result of the new investment policy.

There is precedent for financing a portion of these retirement benefits from Federal funds. Both railroad retirement and social security grant members of the uniformed services a credit toward their retirement benefits which takes into account the time they have spent in military services. In recognition of the public purpose of their military service, this credit is financed by contributions from the general revenues. In fact, the method of financing it under the Social Security Act is the model after which the section of the bill H.R. 15301 on financing the phaseout cost of dual benefits was patterned. Like the military service credits, the windfall dual benefits are not something for which the railroads as employers are responsible; they developed as a result of congressional action. As in the case of the military service credits, the arrangements for financing from general revenues are appropriate for the windfall dual benefits.

On the other hand, these financing arrangements would not constitute any precedent for extending the same source of financing to other portions of the railroad retirement system, or to other industrial pension plans or even social security. So long as the railroad retirement system bears a reasonable resemblance to other private industry pension plans, we have the commitment of the railroad industry by Mr. Dempsey, its chief negotiator, that the railroad companies will finance that part of the system which is supplementary to social security. I believe we can hold the railroad companies to that commitment. So far as concerns social security, or other industrial pension plans, we are creating no precedent because what we are contending with here in the dual benefit areas is something which is unique and without counterpart in American industry.

Plainly, the bill proposes the only alternative that is both practical and by and large noninflationary. What we are dealing with is not a new program that would pump additional money into the spending stream, but rather the limited continuance, phasing out, and winding up of an existing program. To be sure, if all of the dual benefits were cut the result would, I suppose, be deflationary; but given the injustice of such an approach, that is surely all that could be said for it. If these benefits, then, are to be continued for this limited group and the choice is between funding through increased railroad taxes and funding through general Federal revenues, the latter would have by far the least damaging effect on the economy. An increased tax on the railroads would mean immediately increased freight rates, which would have a multiplier effect throughout the entire economy. The amounts to be drawn from general revenues, on the other hand, will simply go into the fund and be invested in Federal securities for many years to come, and accordingly will have no such inflationary impact at all.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. SCHWEIKER. Mr. President, I yield the Senator an additional 5 minutes.

Mr. TAFT. Finally, under the bill a part of the phaseout cost would be made available through the revised and a somewhat more liberal investment policy provided for the railroad retirement system. Under present law, the Secretary of the Treasury controls the actual investment of railroad retirement funds. Under a provision which was added to the legislation in the House, the Railroad Retirement Board would be in position to direct the investment of its funds, and the types of investment which could be made would be somewhat expanded although full safeguards would be afforded for the protection of those investments.

As I stated in my supplementary views to the committee report, I have some reservations regarding the concept underlying Representative Moss' floor amendment to H.R. 15301, as modified during the Labor Committee's markup session. This amendment provides that any additional interest income produced in the future by the liberalized investment policy provided for in the bill will be credited to the cost of paying the windfall dual benefits to the classes for whom such benefits would be preserved until the dual benefits are entirely phased out.

It seems to me that our goal in passing any railroad retirement restructuring legislation should be to assure the financial ability of the railroad retirement fund over the long run I have doubts in my own mind as to whether the Moss amendment is consistent with this purpose since it could build up no surplus from good investment yield. In the House debate on this subject, the point was repeatedly made that if the railroad retirement system had been free to invest its funds in the same manner as well-managed private pension plans, its income over the years would have been $2.4 billion greater than it actually was. Actually since the Treasury paid low interest, general revenue funds benefited. I think this is a point well made and constitutes an object lesson to us that we should not place these kinds of undue restrictions on the fund. I believe it would make better economic sense not to insist on the application of expected additional income as a credit against the deficit in general revenues occasioned by the payment of dual benefits. Instead, it would be a better practice to apply the entire income derived from investments to the fund for the future as would a private pension fund.

This would strengthen the fund and assure its continuing actuarial soundness, and more importantly, insure that over the long haul the parties in interest will not be back to Congress seeking additional funds from the general treasury to make up any deficit in the fund.

However, for the time being, I will not propose any deletion or modification of what has been termed the "Moss amendment." I will watch with great interest the experience gained under the amendment's operation for the next year or so. If in operation the amendment proves to be adverse to the posture of the fund, I may undertake efforts at that point to delete this provision from the bill.

In conclusion, I submit that in the light of the history of dual benefits, the responsibility of Congress for allowing and increasing them, the willingness of the unions to terminate them, and all the available alternatives, the financing responsibility should rest right where the bill H.R. 15301 would place it—as a part of the Federal obligation.

Mr. SCHWEIKER. Mr. President, I yield 10 minutes to the distinguished Senator from Maryland, who is also a member of our Subcommittee on Railroad Retirement.

Mr. BEALL. I thank the distinguished Senator from Pennsylvania for yielding to me.

Mr. President, as a member of the Railroad Retirement Subcommittee, it is a pleasure to participate in today's debate on H.R. 15301.

This legislation marks a significant milestone in our efforts to strengthen the railroad retirement system so that the employees contributing to this program as well as the recipients currently receiving benefits can be assured that their retirement fund is viable, strong, and able to fulfill its commitments.

To understand fully the intricacies of the railroad retirement system, it is important for us to survey briefly the history of the Federal Government's involvement in this pension program. During the closing years of the 19th century the railroad companies established a

pension system designed to serve their employees.

Because the railroads were, at this point in our history, so productive, it was not deemed necessary to establish a pension fund. Instead, the benefits were paid out of the corporation's revenue. Needless to say, such a system functions well in a thriving and expanding industry. The depression, however, brought to an end the companies' ability to shoulder this burden, and the Federal Government intervened to establish the quasi-public railroad retirement system in 1935. Today, *as has been* indicated earlier approximately 1 million beneficiaries receive monthly benefits from this program, and about 600,000 employees are currently contributing to the railroad retirement fund.

Two major factors are currently contributing to the substantial deficit the trust fund is incurring each year. First, as the railroad industry has declined in recent years, the number of employees has likewise diminished. Thus approximately 1.7 persons are drawing monthly benefits from the railroad retirement system for each employee who is paying taxes into the fund. Second, Congress has, over the years, permitted employees to accrue benefits under both the railroad retirement system and the social security system. This so-called dual benefits problem is a major drain on the resources of the railroad retirement trust fund. H.R. 15301 provides for the gradual phaseout of dual benefits and will thus alleviate this burden.

I would also note, Mr. President, that H.R. 15301 substantially restructures the railroad retirement system. In the short run, the benefit structure will become more complex and it is unlikely that the average rail employee will be able to determine his or her benefits. However, in the long run, the new system provided in this bill will establish a simplified system that will more nearly parallel those of private industry. Under the new system, tier I benefits will constitute a social security benefit which will be paid to the recipient through the railroad trust fund. The social security system will finance this provision by way of the financial interchange. Tier II benefits will be based upon the employees railroad service and they will be paid by the railroad retirement trust fund from taxes paid by the railroad industry. Any additional changes in the tier II benefits will result from collective bargaining between the rail industry and their unions and the subcommittee has been assured that no additional Federal fund will be requested to pay for such benefits.

I am sure that the establishment of the Federal payment to the Railroad retirement trust fund may be controversial in some quarters but I am inclined to believe that it is necessary because of actions of the Congress which were enacted over the objections of the rail industry and the rail unions. The dual benefit problem exists because of the actions of the Federal Government and I believe it is appropriate for us to bear the burden of phasing out this anomaly. I believe, Mr President, that there are some major questions that should be completely discussed during this debate so that the public will have a better understanding of this legislation in general and the rationale behind the Federal payment in particular.

Mr. President, our Nation's economic health depends in part upon the strength of our rail system. We must recognize the need to provide rail employees with an adequate retirement system which will help to attract able people into this vital industry. The rail industry has long been an important element in the economic strength of the State of Maryland. Because of its overall importance to our Nation's economic security. I was pleased, Mr. President, to have participated in the Senate's consideration of this legislation.

In closing, Mr. President, I commend the distinguished Senator from Maine (Mr. HATHAWAY) for his patience and perseverance in the handling of this very difficult bill. I should also like to thank Mr. Angus King, the counsel to the Subcommittee on Railroad Retirement, and Mr. Frank Crowley, from the Library of Congress, for the excellent staff support they have given to all of the members of the subcommittee on this very complicated bill.

Mr. President, I have several questions that I would like to direct to the distinguished chairman of the Railroad Retirement Subcommittee (Mr. HATHAWAY).

I think, Mr. President, that one aspect that may concern some of us is the fact that we may be establishing a precedent by allowing, in this legislation, general funds to flow into a trust fund. Is it the opinion of the chairman that we are establishing a precedent? Will the passage of this bill increase the pressure for general funding of other trust funds?

Mr. HATHAWAY. If the Senator will yield, it is the opinion of the Senator from Maine that this will not set a precedent, because we are dealing with a unique situation; namely, the dual benefits problem. To the best of this Senator's knowledge, that problem does not exist in any other industry, so I do not think that this is a precedent-setting action that we are taking today.

Mr. BEALL. The railroad retirement trust fund was established by contributions from both the employer and the employee. By passing this bill, whereby we are contributing funds from the General Treasury, are we in any way endangering the principle of the contributory relationship that exist between the employer—the railroad in this case—and the employee—the railroad employee?

Mr. HATHAWAY. I suppose that we are, but I think it should be noted that most major industry pension plans, such as the auto workers, are already noncontributory.

Mr. BEALL. I am not as much concerned about the noncontributory aspect on the part of labor. I am concerned about the question of whether we are endangering this relationship, in that the Federal Government might be assuming a role that has formerly been carried by one of the partners.

Mr. HATHAWAY. I do not think so. I think, for the same reason I gave before, that this is solving a problem. An additional factor is that we are dealing here with a finite sum over a finite period of time. Albeit 25 years, nevertheless, there is a ceiling on the Federal contributions involved.

Mr. BEALL. It is my understanding that the legislation contains three major liberalizations of benefits that are unrelated to the dual benefits issue.

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. It is my further understanding that these accrued benefits will cost between $250 million and $300 million a year. There are no new taxes proposed in this legislation to pay for these benefits. My question is, Can the trust fund absorb the increases and remain actuarially sound?

Mr. HATHAWAY. Yes, the trust fund can. Actuarial projections show that the cost of increased benefits is covered by the taxes provided for under the bill.

Furthermore, the carriers are committed to covering all the future increases in benefits as well.

Mr. BEALL. There are no additional taxes in this bill.

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. I assume the Senator meant to say that taxes already in effect are sufficient to provide the funds necessary to maintain the viability of the fund.

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. There is a chart on page 2 of the Senate report that shows that with the $285 million annual Federal payment, the fund will diminish from $3.7 billion now to $2.9 billion in 1979. I assume that this results from decreased employment and the increased number of pensioners in the railroad retirement system. I am wondering what the projection is beyond 1979 and at what point this situation will stabilize? Or does it, perhaps, not stabilize, thus reaching the point where there is nothing left?

Mr. HATHAWAY. We do not reach the point where there is nothing left. The fund is projected to reach a low of about $620 million sometime shortly after the year 2000. At that time, the fund should start to go back up. The reason for this is because of the bulge in retirements expected in the next several decades.

Of course, this assumes that the financial interchange with social security will be put on a current basis.

Mr. BEALL. Does it also assume that 600,000 is as low as railroad employment will go?

Mr. HATHAWAY. No; it assumes that railroad employment will go down to about 350,000.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. BEALL. Two more minutes?

Mr. SCHWEIKER. I yield the Senator 2 more minutes.

Mr. BEALL. If Congress through its efforts and the executive branch through its efforts are successful in stimulating increased rail transportation, it is possible that this situation could be improved in the future. It is possible that we might

not have such a severe dropoff in railroad employment, but could possibly even have an increase?

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. It is very difficult for a layman to completely understand the actuarial aspects of this legislation. As I understand it, abolishing the dual benefits will result in a significant saving to the fund?

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. And that saving is about $4.5 billion?

Mr. HATHAWAY. The Senator is correct; about $4.5 billion.

Mr. BEALL. So that saving, plus the $285 million being used to pay the future cost of eliminating the dual benefits, will both restore the viability of the fund and pay for the increased benefits being legislated in this bill. Is that an oversimplification, or is that accurate?

Mr. HATHAWAY. The Senator is essentially correct.

Mr. BEALL. As I understand, the trust fund has been penalized since the Congress allowed the dual benefits because it has had to assume this additional liability for which it had no responsibility?

Mr. HATHAWAY. That is correct.

Mr. BEALL. And as of this date, we are going to take over this responsibility and the fund will be allowed to recoup some of this loss.

Mr. HATHAWAY. The Senator is correct.

Mr. BEALL. I thank the Senator.

Mr. SCHWEIKER. Mr. President, I commend the distinguished Senator from Maine for his leadership on our committee. I have been pleased to work with him as the ranking Republican member of the committee on this very important problem.

I think there is one aspect of the problem that should be pointed out at this point, because of an adverse effect that it has had on the railroad retirement fund. Initially the railroad retirement fund was set up with the idea that it would enjoy some interest advantage in the investments made after putting the employee contributions and the railroad contributions into the regular retirement fund; but actually, since 1956, instead of having an interest advantage by using the Federal Government trustees as the trustee of the fund, quite the opposite has happened.

I think the RECORD should show that the fund has really been discriminated against, in that the Secretary of the Treasury has used the fund for his own purposes at the expense of those who participated in the fund, that is, the railroad companies and the workers themselves.

For example, a recent study made for the Railroad Negotiating Committee indicates that if the railroad retirement fund had been invested in private securities commencing in 1955, on the same basis as uninsured private pension plans, it would have earned since then an additional $2.4 billion.

I think this is important, because here we are talking about some revenue financing, when the truth of the matter is that the Secretary of the Treasury acted in the interest of the Government and not in the interest, as a trustee, of the workers and of the companies involved, and in fact if some other trustee of some other private fund had done this, we would have charged them with mismanagement of the fund and a transaction that was not at arm's length, in the terminology of financial fiduciaries.

So I think it is only fair to point out that indirectly the Government has taken advantage of the fund and has issued to the fund low interest-bearing bonds and certificates, say in the 4-percent range, when, if the funds had been invested in the private market as a normal pension fund would have invested them, they could have obtained private securities at an average return of 6.5 to 7 percent. That is exactly what the study has shown, that since 1955 alone, the fund has unfairly lost, for the benefit of the workers and the companies who put the money in—and I might say it is not Government money, it is private money; this is a very unique situation, the only one of its kind, where we have a company and workers putting money into a fund that is regulated by the Government, even though in fact it is not Government money, and the Government used it for its own advantage against the interests of the workers and companies—interest to the tune of $2.4 billion since 1955 and to the tune of $4.1 billion since the fund was started.

All I wish to point out for the RECORD is that the railroad workers and the railroad companies were discriminated against by the way that the Secretary of the Treasury executed his duties as a trustee, and that in fact if it had been a private fund, the trustee could have been charged with malfeasance or misfeasance because of this discrepancy.

So when we talk about using some revenue financing to tide them over the period of switching from the dual benefit system, perhaps we are only rightfully returning to the participants of the fund money they would have accumulated if the Secretary of the Treasury had looked at it from two viewpoints instead of a single viewpoint, when he was wearing two hats instead of one hat.

I think we should point this out because nowhere else has this happened, and in no other way could the funds have been used in such a fashion without legal points, moral issues, or issues as to propriety being raised; but because the Government did it, no one raised the issues. I think that is important in view of the transition we are now making.

Mr. President, as ranking Republican on the Senate Railroad Retirement Subcommittee, I would like to bring several additional points to the attention of my colleagues in connection with H.R. 15301.

First, it should be emphasized that this measure is a complete rewrite of the Railroad Retirement Act of 1937. This is a major accomplishment, Mr. President; it affects many thousands of past and future railroad retirees, in varying circumstances, and in my judgment, it affords fair and equitable treatment to all.

The second point is that this legislation represents a landmark agreement between rail labor and rail management. Representatives of labor and management negotiated for months to resolve the many contested issues, and the agreement they finally reached has been substantially incorporated into H.R. 15301. Rail labor and management should be commended, Mr. President, for their accomplishment in accommodating the many divergent viewpoints on this issue.

I would also like to stress that under this legislation, persons now receiving both railroad retirement and social security benefits, or those having presently vested rights to both benefits, will receive both benefits in the future. I believe this is a vital feature of this legislation; vesting means promising to pay, and I think it is essential for the Government to keep the commitment when a promise to pay has been made. This is particularly appropriate in light of the strong vesting requirements which have now been made applicable to private employers by the new pension legislation.

In reality, all we are doing is requesting the Government to keep up its good faith, as we require, under the Pension Reform Act of 1974, which was signed on Labor Day, the private sector to keep its promises.

I should also add that this legislation should be viewed in the context of our continuing energy crisis. A strong national rail system must be maintained if coal and other alternative energy sources are to be developed, and our national rail system will not be strong if our railroad retirement legislation is not strong. Thus, this bill is a particularly vital measure at this time, and I urge my colleagues to support it.

Finally, this legislation will lower the retirement age to 60 for persons with 30 years of service, and lower the spouses' annuity to 60 as well, making this a true 30/60 package. It will increase survivor benefits from 110 to 130 percent of the comparable social security benefit. And it will insure that the Railroad Retirement Fund is sufficiently funded to pay these benefits, so we keep our promise to our Nation's thousands of railroad retirees.

This is very important and vital legislation, Mr. President, and I urge its prompt passage.

Mr. HATHAWAY. Mr. President, I yield to the Senator from Kansas.

Mr. SCHWEIKER. Mr. President, I yield 2 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas (Mr. DOLE) is recognized.

Mr. DOLE. Mr. President, I have heard the debate and listened to the discussion, and wish now to speak myself in full support of this legislation, which is so very vital to the railroad retirement system. As one of the few labor proposals I can think of that is fully endorsed by both management; that is, the railroad—and the unions, it is especially unique and deserves expeditious action on our part.

SOUND FINANCIAL BASIS

As pointed out by the Senators on the committee and others with special knowledge of the problem, H.R. 15301

will completely restructure the Railroad Retirement Act to place it on a sound financial basis. Although the retirement fund now stands at approximately $5.5 billion, estimates are that that amount would be depleted by 1981 if the existing system were to continue.

In order to preclude that development, this bill will initiate a phaseout of the "dual-benefits" setup, under which a great percentage of our Nation's 1 million railroad workers have been receiving both pension and social security payments—but at a loss to the system from reduced reimbursements of more than $4 billion. The proposed changes will, however, be made in the most fair and equitable manner possible from the standpoint of everyone involved—including the Government itself.

GENERAL FUNDS

While there may be some controversy over the propriety of authorizing funds from the general treasury to pay for the phaseout, I think the committee aptly explained that it was the only acceptable and workable alternative available. That is, no justification could be made for requiring the social security system to bear the burden of any deficit—thereby necessitating further payroll tax increases.

This bill will thus authorize appropriations of $285 million annually through the year 2000 to accomplish the intended transition. No one will dispute that the price tag is substantial, but the long-range rewards in the form of stability for a very worthwhile and deserving program are even greater.

TWO-TIER SYSTEM

The new structure of railroad retirement under this bill will be based on a two-tier system, the first of which is a continuation of the financial interchange practice with social security. These benefits would be based on both railroad and nonrailroad service.

The second tier of benefits would be based solely on railroad-connected employment and be financed strictly by the railroad industry. Increases in this level will not—it has been agreed—be considered until 1978.

ELIGIBILITY

The "two-tier" system will provide the formula under which all those with less than 25 years of railroad service and fewer than the required number of social security quarters will have their railroad retirement benefits computed. In this way, there will be maximum protection for payments made under both systems.

Those persons with under 25 years of service who did have the necessary number of quarters in both railroad retirement and social secuity when their service with the railroads was terminated will, however, be eligible for dual benefits. Otherwise, the changes will not apply to anyone with more than 25 years of railroad service—whether or not they are presently employed by a railroad—who have accumulated the necessary number of quarters under both systems. And in no event will persons already retired and receiving dual benefits be affected.

EARLY RETIREMENT

Although Public Law 93-69, enacted last year, included a provision which enabled an employee to retire at age 60 with 30 years service, that measure was only temporary. H.R. 15301 will make such a plan permanent, as well as change the payment of annuities to spouses.

Accordingly an unreduced annuity will be payable to spouses at the age of 60 if the employee retires after June 30, 1974—having reached the age of 60 with the 30 years of service. For a reduced annuity, spouses would be eligible at the age of 62 if the employee retires after December 31, 1974, at age 62 with less than 30 years of service.

While it is unfortunate that some will miss qualifying for this supplemental benefit by perhaps only a few months, it was felt that a definite cutoff date was imperative. The ones established, it should be pointed out, were agreed upon by a labor-management group pursuant to development of this legislation.

FURTHER IMPROVEMENTS

Other noteworthy improvements in existing authority deserve special mention, I think, in commenting on the merits of the bill before us. Among these, for example, is the provision that employees who are not retired with dual benefits will receive any excess employee tax contributions at time of retirement.

A similar effort at making the overall system more equitable is evidenced by the fact that employees will not be required to make any contributions to the Railroad Retirement Fund in excess of social security tax levels. Also, any changes in social security benefits effective after December 31, 1974, will be passed through to railroad retirement beneficiaries.

Finally, the minimum guaranteed benefits payable to widows and other survivors of railroad employees will increase from 110 to 130 percent of comparable social security benefits. In addition, H.R. 15301 provides for four annual cost-of-living adjustments, beginning in 1977, and establishes other assurances that those retiring during the next 8 years will receive not less than the benefit computed under the current railroad retirement formulas and the current limit on creditable compensation.

TIMELY LEGISLATION

Mr. President, this legislation clearly demonstrates congressional willingness to affirmatively and expeditiously respond to a very real, but solvable problem. Quick action was certainly essential here—for benefit increases were set to expire on December 31, 1974, and the entire system was in immediate need of constructive changes—and that action will have been taken with passage of the bill today.

That it is a well-drafted, meaningful and productive piece of legislation is very apparent, I believe, from the observation that no new amendments or revisions to the law will now be necessary until 1978. Taken together with the recently enacted Employee Retirement Income Security Act, then, this restructuring of the railroad retirement system represents not just a significant, but a landmark achievement of the 93d Congress on behalf of pensioners who have been the very strength of our American work force.

EFFECTS IN KANSAS

The extent of the impact of this proposal is readily seen in the fact that nearly 26,000 beneficiaries on the railroad retirement rolls will be affected in the State of Kansas alone. Add to that the approximately 17,000 present railroad employees—plus their dependents—who stand to benefit in future years, and I have a very sizable percentage of constituents with a great personal interest at stake here.

I have received nearly a thousand letters from those same concerned individuals urging my support for this bill. And as the representative of the many fine railroad people in my State, I wholeheartedly endorse its principles and purpose—expressing the hope that it will receive unanimous approval, and soon be signed into law.

Mr. President, I yield back the remainder of my time.

Mr. HATHAWAY. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Maine.

Mr. HATHAWAY. Mr. President, before we conclude action on this bill, I want to express my special appreciation to the members of the Railroad Retirement Subcommittee and their staffs for their work on this bill. Also, I want to recognize those here who have been extensively helpful in the bill's development. I include Senator SCHWEIKER and David Marston and Ruthann Chocola of his office; Senator BEALL and David Rust of his office; Senator TAFT and Robert Hunter; Senator WILLIAMS and his counsel Donald Elisburg; Senator JAVITS and Don Zimmerman, and our minority counsel. Also I want to recognize the invaluable assistance of James Cowen and Dale Zimmerman of the Railroad Retirement Board, Frank Crowley of the Congressional Research Service, and Angus King and Connie McInnis of the subcommittee staff.

Mr. WILLIAMS. Mr. President, the passage today of H.R. 15301, the Railroad Retirement Act of 1974, represents the culmination of many frustrating years in attempting to solve piecemeal the myriad problems which have been encountered by the railroad retirement system.

As a result of these revisions to the railroad retirement system, the financial security of the thousands of railroad retirees and future retirees will be guaranteed and the financial structure will be made secure.

Serious questions were first raised as to the actuarial soundness of the railroad retirement system in 1970 at the time that consideration was being given to an increase in railroad retirement benefits. Since adequate information on which to base long-term solutions was not then available, Congress established

a Commission on Railroad Retirement to study the system and its financing for the purpose of making recommendations as to the measures necessary to provide adequate levels of benefits on an actuarially sound basis (Public Law 91–377).

On September 7, 1972, the report of the Commission was received by Congress. The principal recommendation set forth in this report called for the restructuring of the railroad retirement program into a two-tier system, under which railroad employees would receive a basic benefit payable exactly the same as social security benefits, with a second tier of benefits over and over the social security tier. The Commission further recommended that future accrual of dual benefits should be stopped, but that "legally vested rights of railroad workers and railroad retirement beneficiaries to benefits based on social security-covered nonrailroad service should be guaranteed; that a "firm financial plan" should be adopted to finance the second—staff—tier of railroad retirement benefits on a fully self-supporting basis by contributions from the railroad community; and that the railroad retirement benefit formulas should be restructured "to assure that the overall benefits in the future continue to bear a reasonable relationship to wages in a dynamic economy and to make benefits more equitable among the various groups of beneficiaries."

Shortly after the Commission issued its report Congress enacted Public Law 92–460, which contained a provision instructing representatives of railroad labor and management to enter into negotiations that would take into consideration the Commission's specific recommendations, and to submit a report containing their mutual recommendations as to what measures should be taken to assure the receipt of sufficient revenues to finance the benefits provided by the Railroad Retirement Act. Pursuant to that directive, the representatives submitted a report, dated February 27, 1973, calling attention to the complex issues involved, and stating that substantial progress had been made in shaping mutually agreeable recommendations. Subsequently, Public Law 93–69 was enacted. One of its provisions directed the representatives of labor and management to present to Congress their joint recommendations, in the form of a draft bill, for restructuring the railroad retirement system in a manner which will insure its long-range actuarial soundness.

The present railroad retirement system was established by, and operates under, the Railroad Retirement Act of 1937. This new act will provide all retirement and survivor benefits to employees with 10 years or more of railroad service, retiring after December 31, 1974, and their spouses and survivors.

The bill restructures the Railroad Retirement Act of 1937, and places it on a sound financial basis. Railroad retirement benefits will hereafter consist of two components—the first tier will be a benefit computed under the Social Security Act, counting all railroad employment as social security covered employment, and combining that service with all social security-covered employment; and a second tier of benefits based on railroad service alone computed under the Railroad Retirement Act.

This new technique of computing benefits will bring about more adequate coordination between the Railroad Retirement Act and the Social Security Act, thereby preventing future excess costs to the railroad retirement system which threaten the existing system with bankruptcy.

Persons in receipt of both railroad retirement and social security benefits as of December 31, 1974, will continue to receive benefits under both systems without any reduction in those benefits. Persons who already have vested rights under both the railroad retirement and the social security systems will in the future be permitted to receive benefits computed under both systems similarly to existing law. The excess costs of paying benefits to persons described in this paragraph will be met through appropriations estimated at $285 million per year through the year 2000.

The measure closely follows the recommendations of the Commission on Railroad Retirement that a new railroad retirement benefit formula be adopted.

The bill also makes permanent three increases in the level of railroad retirement benefits under the 1937 act which the Congress, commencing in 1970, put into effect on a temporary basis pending a restructuring of the railroad retirement system. Those temporary increases, which were respectively 15 percent, 10 percent, and 20 percent of then existing benefits, would otherwise expire at the end of this year.

The new benefit formula which the bill would establish contains another feature which has no counterpart in the 1937 act—cost-of-living adjustments in the level of benefits. Since the social security component of the formula will be the equivalent of benefits payable at the time under the Social Security Act, the level of that component will be increased at the same time and in the same amount as the level of social security benefits is increased, including increases resulting from the automatic cost-of-living adjustments under section 215(i) of the Social Security Act. This not only will maintain a congruence between the level of the social security component and the level of benefits under the Social Security Act, but also will insure retired railroad employees of at least as much protection against inflation as the Social Security Act affords to retired employees in other industries.

The eligibility requirements for regular employee age and disability annuities under the proposed Railroad Retirement Act would remain the same as under present law. The eligibility conditions for an employee's entitlement to a supplemental annuity would differ from those contained in the present law only in that under the new act an employee who has completed 30 years of service would be eligible for a supplemental annuity at age 60 rather than at age 65; the applicability of this liberalization, however, would be confined to employees whose regular annuities first began to accrue on or after July 1, 1974.

In the case of spouses, the present law provides that a spouse of an employee can be eligible for a spouse's annuity only if the employee has attained age 65. Furthermore, a spouse who does not have a child of the employee in her care can receive an unreduced spouse's annuity only if she has attained age 65 or a reduced annuity if she has attained age 62. These eligibility requirements would be liberalized under the proposed act to provide: First, that a spouse of an employee who has 30 years of service would be eligible for an unreduced annuity when both she and the employee have attained age 60—this liberalization would be applicable only in cases where the employee's annuity first began to accrue on or after July 1, 1974, and second, that a spouse of an employee who has less than 30 years of service can receive an unreduced spouse's annuity when the employee has attained age 62 and the spouse has either attained age 65 or has a child of the employee in her care or a reduced spouse's annuity when the employee and the spouse have both attained age 62—this liberalization would be applicable only in cases where the employee's annuity first begins to accrue on or after January 1, 1975.

The eligibility requirements for survivor annuities under the proposed act would be the same as those set forth in the present act.

Finally, the proposed act contains a provision which would provide automatic adjustments in the eligibility requirements for social security level annuity amounts or health care benefits provided under the act whenever amendments to the Social Security Act become effective after December 31, 1974, to liberalize the eligibility requirements for similar benefits under that act. No person can become entitled to an annuity under the Railroad Retirement Act by reason of this provision if: First, the Social Security Act provided benefits for such a person prior to 1975 but the Railroad Retirement Act did not—examples of such persons would be divorced wives and children of living employees, or second, the person does not satisfy a requirement contained in the proposed Railroad Retirement Act of a kind which was either not imposed by the Social Security Act on December 31, 1974, or was not liberalized by the amending legislation. Furthermore, the provision in question would not operate to provide annuities to an employee, and those deriving from them, who has less than 10 years of railroad service or to survivors in a case where the employee did not have a current connection with the railroad industry at the time of his death.

Mr. President, I believe this bill represents a true balancing of all of the interests involved. It will finally place the railroad retirement system on a sound financial footing. In my judgment, the most important feature of this bill will be the increased protection of the retirement benefits that will be accruing to present and future retired railroad work-

ers and their survivors. In reaching this solution, I believe the parties have given the interests of the retirees appropriate priority and I commend the many railroad brotherhoods, the railroad industry and the chairman of the Railroad Retirement Subcommittee, Senator HATHAWAY, for their efforts in resolving this matter.

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that the distinguished Senator from New York, who is unable to be in attendance today, be permitted the privilege of presenting a statement for the RECORD on this bill prior to the vote on the bill.

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

STATEMENT BY SENATOR JAVITS

Mr. President, this is the opportunity to reassure the one and one-half million railroad employees and retirees, after years of uncertainty, that the railroad retirement system will at last be put on a sound financial basis. This bill will assure them that the basic system on which they depend for income security will continue and that none of the benefit increases which the Congress enacted in recent years will be reduced.

It was not until 1970 that it became apparent that the railroad retirement system, which we first established in 1934, was in a dire financial condition. At that time we provided for an independent Commission on Railroad Retirement to study the railroad retirement system and recommend the necessary legislative changes. The Commission filed its report in 1972 and recommended major restructuring of the railroad retirement system into a two-tier program. Subsequently, in 1973, Congress directed representatives of railroad management and labor to establish a Joint Negotiating Committee to negotiate an agreement on specific changes to the Railroad Retirement Act within the framework of the Commission's recommendations. After long, hard and statesman-like bargaining, and concessions made on both sides, the parties recommended a bill which is substantially identical to the proposed legislation before us today, H.R. 15301.

The two-tier system embodied in this bill is substantially that recommended by the Commission. The first component of railroad retirement benefits will be a basic social security benefit. This will be calculated on the basis of the benefit formula provided in the Social Security Act as applied to all the employee's wages and services, whether that employment is for a railroad or for an employer covered by the Social Security Act. Whenever future increases in the level of social security benefits are provided, they will be applied to the new railroad retirement formula just as if the railroad employees were social security beneficiaries. This will establish, on a permanent basis, an entirely secure benefit structure based on combined railroad and non-railroad services and compensation.

The second component will be in addition to the social security "tier" and will be financed completely by the railroad industry, based on a formula calculated from a combination of the employee's career railroad earnings and a flat dollar amount for years of service. In addition, the supplemental annuity now provided to long-term railroad employees will be continued. In order to protect career railroad employees, the bill contains a special feature to ensure that no employee retiring within the next eight years will receive less than he would under the present benefit formula.

It is also important to note that the three temporary benefit increases enacted since 1970, of 15%, 10% and 20% consecutively, which were adopted to put railroad employees in parity with social security beneficiaries, will be made permanent by this bill. There will also be four cost-of-living adjustments for the second component of benefits over the next six-year period as a guard against the kind of crippling inflation we are facing today.

Another important aspect of the bill is that it will make more effective the early retirement provision of the legislation adopted last year, which entitled a railroad employee to retire with his full basic benefit with 30 years of service at age 60. We will now remove the remaining disincentive to early retirement by enabling the employee also to receive his supplemental annuity, and by allowing his or her spouse to receive the full spouse benefit at age 60 with 30 years of railroad service. I understand on the basis of information supplied to me by the Railroad Retirement Board, that ten to twelve thousand employees can be expected to take advantage of these early retirement provisions over the next 1 to 2 years. Additional benefit increases which are included in this bill for widows, widowers and other survivors are consistent with the Commission's recommendations. Survivors' benefits will be increased to 130% of the comparable social security benefits, from the present 110%.

Much attention has been focused on the so-called dual benefit issue, which has caused so much difficulty for the railroad retirement system. This problem has been caused by previous amendments to the Railroad Retirement Act which have allowed persons with vested benefit rights under both the Social Security Act and the Railroad Retirement Act to receive the full amount of both benefits upon retirement, despite the fact that such employees receive a significantly larger combined amount than they would receive under either system alone.

The financial burden of this problem has fallen upon the railroad retirement system, and has been a major cause of that system's projected financial collapse within the next seven years, unless corrections are made. This bill will end the future accrual of dual benefits, leaving only the problem of phasing them out without undue hardship to present employees. The Committee correctly concluded that among the several alternatives of providing the costs of this phase-out over the next twenty-five years, the most equitable method will be to provide for appropriations from general federal revenues. I believe that this one-time cost is appropriate and necessary to bring about a solution to this most difficult problem.

In closing, Mr. President, I extend my congratulations to the fine job carried out by representatives of labor and management in working out this total restructuring of the railroad retirement system, as well as to my colleagues on the Labor and Public Welfare Committee for their careful attention to this complex legislation. I urge full support for this bill before us today.

Mr. HATHAWAY. Mr. President, I am prepared to yield back the remainder of my time unless there are some further questions about the bill.

Mr. SCHWEIKER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question first occurs on the committee amendments. Does the Senator wish them considered en bloc?

Mr. HATHAWAY. Mr. President, I do wish the committee amendments to be considered en bloc, and I ask unanimous consent that they may be so considered.

The PRESIDING OFFICER. Including the correction on page 116?

Mr. HATHAWAY. Including the correction on page 116.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments. (Putting the question.)

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

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

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Iowa (Mr. HUGHES), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from New York (Mr. JAVITS), and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I also announce that the Senator from Illinois (Mr. PERCY) is absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from Illinois (Mr. PERCY) would each vote "yea."

The result was announced—yeas 86, nays 1, as follows:

[No. 425 Leg.]

YEAS—86

Abourezk	Gravel	Moss
Aiken	Griffin	Muskie
Allen	Gurney	Nelson
Baker	Hansen	Nunn
Bartlett	Hart	Packwood
Beall	Hartke	Pastore
Bentsen	Haskell	Proxmire
Bible	Hathaway	Randolph
Brock	Helms	Ribicoff
Brooke	Hollings	Roth
Buckley	Hruska	Schweiker
Burdick	Huddleston	Scott, Hugh
Byrd, Harry F., Jr.	Humphrey	Scott, William L.
Byrd, Robert C.	Inouye	Sparkman
Cannon	Jackson	Stafford
Case	Johnston	Stennis
Chiles	Kennedy	Stevens
Church	Long	Stevenson
Clark	Magnuson	Symington
Cook	Mansfield	Taft
Cotton	Mathias	Talmadge
Cranston	McClellan	Thurmond
Curtis	McClure	Tower
Dole	McGee	Tunney
Domenici	McGovern	Weicker
Eagleton	McIntyre	Williams
Eastland	Metcalf	Young
Fannin	Metzenbaum	
Fong	Mondale	
	Montoya	

NAYS—1

Ervin

NOT VOTING—13

Bayh	Fulbright	Pearson
Bellmon	Goldwater	Pell
Bennett	Hatfield	Percy
Biden	Hughes	
Dominick	Javits	

So the bill (H.R. 15301) was passed.

Mr. HATHAWAY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SCHWEIKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

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

ORDER FOR ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon tomorrow.

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

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL MONDAY, SEPTEMBER 30, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow, it stand in adjournment until the hour of 12 o'clock noon on Monday next.

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

ORDER FOR ROLLCALL VOTES TO OCCUR AFTER 3:30 P.M. ON MONDAY, SEPTEMBER 30, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be no rollcall votes on Monday next prior to the hour of 3:30 p.m.

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

ORDER FOR RECOGNITION OF SENATOR GRIFFIN AND SENATOR ROBERT C. BYRD AND FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the distinguished assistant Republican leader, (Mr. GRIFFIN), be recognized for not to exceed 15 minutes; that he be followed by the junior Senator from West Virginia for not to exceed 15 minutes; after which there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on tomorrow, the Senate will convene at the hour of 12 o'clock noon. After the two leaders or their designees have been recognized under the standing order, the Senator from Michigan (Mr. GRIFFIN) will be recognized for not to exceed 15 minutes; after which the junior Senator from West Virginia will be recognized for not to exceed 15 minutes; after which there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, at the conclusion of which period the Senate will take up, presumably in the following order, the following measures: Calendar Order No. 1114, S. 2233, the Hells' Canyon National Recreation Area measure; Calendar Order No. 1117, S. 3378, a bill of rights for the disabled; and Calendar Order No. 1111, H.R. 16102 the daylight saving time bill. Whether or not action will be completed on that last measure, I cannot say at this time. Rollcall votes may occur during the afternoon.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 12 noon tomorrow.

The motion was agreed to; and at 4:16 p.m., the Senate adjourned until tomorrow, Thursday, September 26, 1974, at 12 noon.

NOMINATION

Executive nomination received by the Senate September 25, 1974:

IN THE MARINE CORPS

The following-named (Naval Reserve Officer Training Corps) graduate for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Morse, Frederick R.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 25, 1974:

NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS

Henry F. Trione, of California, to be a member of the Board of Directors of the National Corporation for Housing Partnerships for the term expiring October 27, 1977.

U.S. TARIFF COMMISSION

Daniel Minchew, of Georgia, to be a member of the U.S. Tariff Commission for the remainder of the term expiring June 16, 1976.

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

HOUSE OF REPRESENTATIVES—*Wednesday, September 25, 1974*

The House met at 12 o'clock noon.

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

Let integrity and uprightness preserve me; for I wait on Thee.—Psalms 25: 21.

God of our fathers, we draw near to Thee as we celebrate the 200th anniversary of the First Continental Congress and we pause to acknowledge our dependence on Thee, to thank Thee for Thy guiding spirit which led our Nation in the past, and to pray that Thy presence may be with us to lead us in the days ahead.

May our celebration issue into a greater commitment to Thee and to our country that this Nation of ours may be great in religious faith, great in moral living, great in liberty and justice for all, and great in the brotherhood of man.

May the words of our mouths, the worship of our hearts, and the works of our hands be acceptable unto Thee as we seek to bring in the day when nations shall live in peace, for freedom and with good will in every heart.

In Thy holy name we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16243) entitled "An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1975, and for other purposes."

The message also announced that the Senate agreed to the amendments of the House to the amendments of the Senate numbered 7, 15, 28, 34, and 38 to the foregoing bill.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 3320. An act to extend the appropriation authorization for reporting of weather modification activities.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3585. An act to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied professions, to revise the National Health Service Corps program and the National Health Serv-