

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

The PRESIDING OFFICER. The clerk will call the roll.

The 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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. HARRY F. BYRD, JR.). Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. MANSFIELD. Mr. President, as long as we are waiting for only one other

item of business I ask unanimous consent that the Senate stand in recess subject to the call of the Chair or until that item of business arrives.

There being no objection, the Senate at 5:37 p.m. recessed subject to the call of the Chair; whereupon, at 5:40 p.m. the Senate reassembled when called to order by the Presiding Officer (Mr. GRIFFIN).

ADJOURNMENT UNTIL MONDAY, NOVEMBER 18, 1974

Mr. MANSFIELD. Mr. President, I move, in accordance with Senate Concurrent Resolution 120, that the Senate

stand in adjournment until 12 o'clock noon, on Monday, November 18, 1974.

The motion was agreed to; and, at 5:41 p.m. the Senate adjourned until Monday, November 18, 1974, at 12 o'clock noon.

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

Pursuant to the provisions of Public Law 93-443, section 310, the following were appointed to the Federal Election Commission:

Joseph F. Meglen, of Montana, for a term of 3 years.

Joan D. Aikens, of Pennsylvania, for a term of 1 year.

EXTENSIONS OF REMARKS

THE FARMER'S SIDE OF THE STORY

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 16, 1974

Mr. GUBSER. Mr. Speaker, in these days of escalating prices at the supermarket, many people find it all too easy to blame the farmer for the prices they must pay.

Recently Mr. Stephen D'Arrigo, Jr. wrote a letter to the Public Forum of the San Jose Mercury which gives another side to this story. I commend Mr. D'Arrigo's letter to both farmers and consumers. His letter follows:

SALINAS, CALIF., October 10, 1974.

PUBLIC FORUM,

San Jose Mercury, San Jose, Calif.

GENTLEMEN: This is a reply to "Oust Butz" Public Forum of October 10, 1974. There are a few considerations overlooked by Mr. Walton and I present them here.

Basically, Mr. Walton, the taxpayer has a choice, namely government subsidies or higher food cost. He can't have simultaneously low cost food and no subsidy. There is no law, moral or legal, that requires a farmer to produce wheat or any other crop and sell at a loss in order to provide the citizens of this country with the lowest food budget as a percent of the consumer dollar in the world.

For forty years the Government has maintained artificially high surpluses for a mixed bag of reasons—mostly bureaucratic and political. Naturally, this lowers prices below production costs and requires a bureaucratic agency to administer the "program". They, therefore, have a stake in the program—their jobs. The politician can go home and brag about the lowest food cost in the world. Everyone is happy except the taxpayer who foots the bill and the farmer who no longer enjoys the fruits of the free enterprise system, which happens to include the benefits of a supply and demand economy.

Because the surpluses are the lowest since 1948 does not mean that this artificial surplus was the "magic" level or the wise economic surplus level. We presently have a surplus and it is a healthy surplus. Until the breaking of the export contracts, the farmers were holding back in excess of 70% of the 1974 crop, and we are still in an adequate grain situation. The "shortage" is political hokum. The 1975 acreage is committed to planting or in the process of being planted.

While the public may complain about the "high" price of wheat, they also complain about the subsidies. You will either have to

accept the higher prices and get the Government out of the farming business through its controls and subsidies; or support the controls and subsidies in return for lower wheat prices. You can't have both.

I hold no brief for Mr. Butz, but it does appear he is the first Secretary of Agriculture that has done what you, the taxpayer, have been demanding the past 40 years and now you don't like the alternative. You have enjoyed a food bill as low as 15 cents of the consumer dollar for decades. At the present 19 or 20 cents, it is still the lowest of any nation in the world—the next lowest being in excess of 26 cents.

It is strange indeed that we do not hear the same complaints about paying \$1,000 more for a 1975 auto or more every year for cigarettes, t.v., clothes, boats, sports, etc. But, apparently, the farmer is expected to subsidize the U.S. citizen's dinner table.

Sincerely,

STEPHEN D'ARRIGO, JR.

CALLS FOR CONGRESSIONAL INQUIRY INTO POLITICAL HEARINGS

HON. THOMAS F. EAGLETON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Thursday, October 17, 1974

Mr. EAGLETON. Mr. President, a recent series of articles by Robert Adams, Washington correspondent of the St. Louis Post-Dispatch, alleges numerous instances of political influence being used to secure positions with the Federal Government, positions which the law says should be awarded strictly on a merit basis.

These are disturbing reports and I believe the relevant committees of the Congress should begin an immediate inquiry into the situation and, if the facts are as charged, conduct full public hearings.

Mr. President, I know of no one who is not anxious to put Watergate and all it represented behind us. But we would have sadly missed the lessons of that national trauma if we fail to correct the corruption that was revealed before we close the book.

No offense of the Watergate period was more shocking or more threatening to our system of Government than the political manipulation of Government

agencies. Congress has an obligation to root out these abuses and to see that they never happen again.

Mr. President, I ask unanimous consent that the articles I referred to and an editorial from the September 29, 1974 edition of the St. Louis Post-Dispatch be printed at this point in my remarks.

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

[From the St. Louis Post-Dispatch, September 25, 1974]

CIVIL SERVICE HEAD HELPED GET GSA JOB FOR POLITICIAN'S COUSIN

(By Robert Adams)

WASHINGTON, September 25.—The cousin of a Texas Representative was given a federal career job after Robert E. Hampton, chairman of the Civil Service Commission, personally told the No. 2 man in a Government agency of a desire "to help" the Representative, the Post-Dispatch learned today.

According to documents in the hands of Government investigators, Hampton made his desire known in a Dec. 8, 1970, letter to Rod Kreger, then deputy administrator of the General Services Administration.

The letter concerned job possibilities for Dwight W. Jones, a first cousin of Representative Robert Price (Rep.), Texas. It noted that Jones had passed the Civil Service examination and added: "If at all possible, I would like to help Congressman Price."

The documents indicate that Jones was quickly considered a "must case" by GSA staff and later received a mid-level career job in the Kansas City regional office of the GSA.

The documents include a Jan. 26, 1971, letter over the name of Robert L. Kunzig, who was then administrator of GSA, to Hampton saying that a position had been "established" for Jones—although Jones heatedly denied today that any job had been set up just for him. Jones said his post as Customer Service Director for the Kansas City regional office of GSA's Federal Supply Service had existed long before he was hired.

The Civil Service Commission has been investigating alleged patronage rings in GSA and other agencies since at least last year. But today's disclosure was the first public indication that the commission's chairman had ever passed along a desire to help a political figure in connection with a federal job.

It was also the first time that the name of Kunzig, who is now a judge in the United States Court of Claims, had been connected with attempts to find a job for a person indirectly referred by a political patron.

In an interview, Hampton said he did not

consider his action improper, but, "I probably wouldn't do it again."

Kunzig, through a law clerk, refused to comment.

According to federal regulations, Civil Service jobs such as Jones's are supposed to be filed on merit under a competitive system. No special favoritism is to be shown to any candidate.

Sources familiar with Civil Service rules told the Post-Dispatch that although Hampton's action did not appear to be illegal, it raised serious questions about propriety.

One congressional source said it might appear inconsistent for Hampton to be the chief guardian of the nation's merit system, while at the same time making a referral of his own based on a desire to do a favor for a political figure.

"That letter, coming from the chairman of the Civil Service Commission, would carry an awful lot of weight going into a department or agency," the source said.

"A guy would have to be very naive to believe that this would be treated as just another character reference."

The source noted also that Hampton was among those who might ultimately sit in judgment on the question of disciplining the eight or more GSA staff members who have been charged with violating the Civil Service rules. "He'll be sitting on a case in which he himself seems to have been involved in one matter," the source said.

"It would seem that the man in charge of upholding the Civil Service rules should have no part in referring people for Civil Service jobs."

In another development, the chairman of the House Post Office and Civil Service Committee said a subcommittee of his panel would hold hearings on the alleged violations of the Civil Service laws.

The announcement was made in a joint statement by Representatives Thaddeus J. Dulski (Dem.), New York, the chairman, and David W. Henderson (Dem.), North Carolina, vice chairman.

In the statement, the two praised President Gerald R. Ford's recent directive that agencies and departments must keep the merit system free from politics. They said, however, that they were upset about what they considered "inordinate delays" by GSA in taking disciplinary action against eight staff members accused in a still-secret Civil Service Commission report.

Dulski and Henderson said their committee had been conducting its own investigation into allegations that Civil Service violations had become widespread under the Nixon Administration, and said the investigation would go on.

Hampton's Dec. 8, 1970, letter to Kreger was typed on Civil Service Commission stationery. Using a "Dear Rod" salutation, it said:

"Attached is a copy of Mr. Dwight W. Jones' resume, which I mentioned to you on Sunday.

"On Oct. 12, 1970, he was rated eligible in our Senior Level Positions examination for grades GS-13 and 14 (mid-level career jobs).

"Is he someone whose services you could use in your organization in view of his sales and purchasing background? If at all possible, I would like to help Congressman Price and would appreciate your letting me know what his chances are for employment."

The letter was signed "Bob," with Hampton's full name underneath.

According to the documents obtained by the Post-Dispatch, Kreger then wrote a "Memorandum to the Administrator" in which he said:

"Bob Hampton has referred an applicant, Dwight W. Jones of Livermore, Calif., to us for a GS-13 or 14 position in the Federal Supply Service. Jones is related to Robert Price, a cousin of the Congressman from Texas, and Bob Hampton would like to help the Congressman.

"I told Bob Hampton that I knew you would want to do everything possible to help." The GSA's administrator at the time was Kunzig.

The memorandum went on to say that Kreger had given the papers to a staff member "and asked that he give this matter urgent priority."

A "note to file," which bears no signature, told of two phone calls made in regard to a job of Jones. It said that Jones "is a must case."

A Jan. 26, 1971, letter bearing Kunzig's signature, and addressed to Hampton, said:

"Just a note to let you know that we have established a GS-13 Special Assistant to the Regional Director of the Federal Supply position in Kansas City for Dwight Jones.

"We will be requesting his name certification from your St. Louis regional office next week.

"I am glad that we could be of assistance to you in this matter."

In an interview, Hampton acknowledged that he wouldn't make such a referral today, although he denied any impropriety.

He said he had personally sent letters about individuals to agencies on other occasions since being named chairman by then President Richard M. Nixon in 1969. He put the total number at "not more than 30," and said that most were referred to him from nonpolitical sources.

Except for Jones, he said, "to the best of my knowledge not one of them ever got a job." He said he referred Jones to GSA because Price was a personal friend of his.

"I didn't look upon my letter to them as a request to do anything improper," Hampton said, "and I don't think I can be held responsible for what they (the GSA) might have done."

In looking at the documents, he said, "It's quite obvious that they were trying to please me."

Hampton said he felt that the tone of his letter "anticipated the possibility of a negative reply. It was not something where I said: Go out and do this because I want it."

Hampton noted that he was currently in a bureaucratic dispute with GSA over whether the Civil Service Commission has the power to order that GSA staff members be disciplined. He voiced a suspicion that some in GSA might be attempting to smear him because he had attacked the "patronage ring" considered friendly to the Nixon Administration.

Hampton noted that the commission was also investigating a number of other agencies, including the Department of Housing and Urban Development, the Small Business Administration, the Law Enforcement Assistance Administration, the Social Rehabilitation Service in the Department of Health, Education, and Welfare, and the National Highway Safety Administration.

"There are lots of political people who aren't happy with what I'm doing," he said.

Others, however, have questioned whether the commission has moved decisively enough in breaking up what Hampton views as perhaps the greatest threat to the merit system in its 90-year history.

It was noted that Frederic V. Malek, a former White House aid, told the Senate Watergate committee earlier this year that he "consulted with Mr. Hampton, chairman of the Civil Service Commission, on a lot of things."

Malek was the author of the controversial "Responsiveness Program" in the 1972 presidential campaign. Its purpose was to use the grant-making and other powers of the Federal Government to help Nixon with re-election.

In addition, Malek was involved in job recruitment at the Nixon White House and has acknowledged helping to refer persons friendly to the Administration to various agencies for political and career jobs. Malek, however, said he placed no pressure on any

agency to hire someone for a specific Civil Service job, even though the White House used a four-level rating system with "must place" at the top.

In response, Hampton told the Post-Dispatch that he consulted with Malek only on legitimate topics, such as what positions could be properly exempted from Civil Service.

Hampton said he had no idea until earlier this year that a Nixon Administration personnel aid named Alan May had written a document called a "Federal Political Personnel Manual." In the manual, May discusses ways of "getting around" the Civil Service laws and removing career government employees who were not loyal to the Nixon Administration.

Hampton said he was "utterly shocked" by the manual. He said it displayed a tone of contempt for the Civil Service system.

Hampton said he had gone to the White House three times in the Nixon Administration to ask for a directive similar to the one President Ford issued this month. The Nixon White House never issued such a directive, he noted.

Hampton served as a personnel specialist in the Air Force and in the White House under Presidents Dwight D. Eisenhower and John F. Kennedy before being named a member of the Civil Service Commission in 1961. He was named chairman in 1969 and was reappointed in 1973.

Neither Price nor Kreger could be reached for comment about the Jones case.

Jones, however, defended his appointment to the job he now holds in the Kansas City regional GSA office. He gave the name of his predecessor, who confirmed Jones's contention that the post had existed before Jones came.

Jones noted that the GSA was the agency responsible for managing the Federal Government's buildings and procuring its supplies.

"I'm not some used-car salesman who was unqualified for the job but was brought in as a favor to somebody," Jones said. "I took the Civil Service exam and passed it. I've had 20 years in the furniture business. They needed somebody with that experience."

Jones said he had no idea that his name had been discussed in high places at GSA and the Civil Service Commission before he got the job. "I guess I'm flattered," he said.

Jones said his mother and Representative Price's mother were sisters, making him and Price first cousins. He refused to go into detail about his discussions with Price about a federal job, but said:

"Maybe I'm naive about this, but if you're qualified for a job, it doesn't seem like such a no-no to call on somebody for help. If you were dating the President's daughter, maybe he could help you out."

[From the St. Louis-Dispatch, Sept. 26, 1974]

GSA OBLIGED FORD AND SCOTT ON JOB REFERRALS, FILES SHOW
(By Robert Adams)

WASHINGTON, September 26.—Officials of the General Services Administration discussed—and sometimes apparently carried out—plans to create special jobs for persons referred by powerful political figures including then Representative Gerald R. Ford and Senate Republican minority leader Hugh Scott, confidential documents showed today.

An effort to circumvent the usual Civil Service procedures to help a man referred by Mr. Ford, before he became President, is discussed in a March 25, 1971, memorandum attributed to Rod Kreger, who then the No. 2 man at GSA.

In a "Memorandum to the Administrator," who was then Robert L. Kunzig, Kreger discussed the possibility of creating a special job for a 65-year-old building maintenance man from Grand Rapids, Mich., Mr. Ford's home town.

At one time Kunzig was Scott's administrative assistant.

"As we have not had the opportunity to do too many favors for Gerry Ford, this may be a chance to help out," the memo said.

Other documents obtained by the Post-Dispatch show a belief by Government investigators that at least some persons referred to GSA by Scott, of Pennsylvania were given preferential treatment in violation of Civil Service regulations.

The documents include a 54-page report by the Civil Service Commission which has been a closely held secret since it was compiled in October 1973.

One GSA personnel officer, Arthur G. Palman, whose complaints prompted the Civil Service Commission's investigation, told the Post-Dispatch he believed the reported special treatment for Scott's referrals was "an outrage—it's as rotten as it can be."

Both the White House and Scott's office strongly denied that either Mr. Ford or Scott had been involved in improper activities.

Spokesmen for both men noted that it was entirely proper for Representatives or Senators to refer job applicants to federal agencies. They said that no special treatment was ever requested and that Mr. Ford and Scott would have condemned any violations of Civil Service procedures if they had known about them.

Today's disclosures came amid what appeared to be a widening scandal involving alleged attempts to subvert the Civil Service system. Under the law, federal career jobs are supposed to be filled on merit, without regard to political or other connections.

The Post-Dispatch disclosed yesterday that Robert E. Hampton, the chairman of the Civil Service Commission, had himself referred an applicant to GSA in 1970 on behalf of Texas Republican Representative Robert Price with the notation: "If at all possible, I would like to help Congressman Price." The applicant was later given a federal job after being treated as a "must case" by GSA staff.

In the March 25, 1971, memo mentioning Mr. Ford, Kreger wrote: "Congressman Gerry Ford has referred a Mr. Emil Gaide to us." The memo said that Gaide, Grand Rapids, wanted a job working on the construction of a new federal building there.

The memo said that one division of GSA was prepared to take Gaide; "however, in doing so they will have to create a position for him. We would also have to qualify him on a Civil Service register and obtain a certification. Another complication is that Mr. Gaide is 65 years of age."

The memo ends with the reference to doing a favor for Ford. Mr. Ford was then House Republican minority leader and represented a Michigan Congressional district that included Grand Rapids.

A June 8, 1971, "Note to file" on Gaide said that no jobs had been found in Grand Rapids, but that he had been offered a \$4.97-an-hour job as a plumber at Battle Creek or Detroit. Gaide declined the offers, it said.

"Mike Norton told me, this date, that we had fulfilled our obligation to Congressman Ford's office," the undersigned memo said.

Norton, who now runs GSA's regional office in Denver, said he didn't recall the case. Norton was Congressional liaison for GSA, which is the agency responsible for managing federal building and obtaining supplies for the Federal Government, at the time.

Asked about the purported "obligation" to Mr. Ford, Norton said: "I don't believe I would have made such a remark." He said he felt no obligation to do any such favors for Congressmen.

Norton said he had no knowledge of the "special referral units" said to exist within GSA and a number of other agencies. Federal investigators have said evidence points to widespread attempts to place Republican

and friends of Nixon Administration figures in career jobs through the units, which purportedly operated outside the regular Civil Service system.

Paul Miltish, a spokesman for President Ford, noted that the documents did not indicate any improper requests on Mr. Ford's part. He noted also that Mr. Ford had issued a directive earlier this month calling on agency heads to stick to the merit system.

Emil Gaide died in October 1971. His wife said in a telephone interview that he had been offered a GSA job outside Grand Rapids, but declined. She said she did not know whether her husband had taken a Civil Service test.

"We had some friends who are very good friends of the Fords, and that probably helped a lot," Mrs. Gaide said.

On the Scott referrals, the Post-Dispatch learned that federal investigators found a special file at GSA for Scott referrals and special file for referrals from Pennsylvanians in general.

At least 34 persons were said to have been placed at GSA after being referred by Scott's office. The White House personnel office was said to have sponsored 69 successful applicants at GSA.

It was noted that several present and former high GSA officials are from Pennsylvania. They include Kunzig, the former head of the agency, and Arthur Sampson, the current administrator.

"Scott virtually ran that agency," one source told the Post-Dispatch. "Even other Senators when they wanted something done there went to Scott."

Investigators reported also that Martin Hamberger, Scott's administrative assistant, and others on his staff were often consulted by GSA on personnel matters.

In its still-secret 54-page report, a copy of which was obtained by the Post-Dispatch, the Civil Service Commission concluded that preferential treatment existed in GSA in apparent violation of Civil Service rules.

The report said the evidence was "clear and conclusive" that "through the special referral system, GSA officials gave improper preferential treatment to candidates referred from nominally political sources."

The investigation showed "very serious disregard of personnel laws in the General Services Administration. These violations of merit principles require immediate and strong action," the report said.

The report cited at least three cases in which men referred by Scott's office were given jobs in apparent circumvention of normal procedures.

It quoted also a memo from a GSA operative dated June 1972 to Palman, instructing him:

"Please do not publicly announce these instructions: keep the list of all vacancies, GS-1 through GS-15 in the State of Pennsylvania current. I will get the OK for filling these jobs from the sixth floor and pass it back to you."

Palman, who works in the GSA regional office that includes Pennsylvania, is quoted as replying something like: "have they no shame?"

One case cited in the report is that of J. Ronald Smith, a former administrative assistant to the late Representative Robert Corbett. His application was referred by Scott.

Smith, of Pittsburgh, had wanted a job as assistant buildings manager but did not qualify, the report said.

A new position, that of administrative officer, was set up for Smith, the report states. Such a job in a regional office as small as Pittsburgh's "was and continues to be unique," the report said.

The report quoted two GSA officials, Joseph Salerno and Jerry Vallery, as saying the job was set up especially for Smith. "The entire

process was a direct result of the operation of the special referral system, giving preferential treatment to certain applicants," the report said.

"Mr. Smith was appointed at a premium pay rate . . . into a position created especially for him." The report added, however, that Smith appeared qualified for the job he held.

In a related document obtained by the Post-Dispatch, a GSA personnel operative told a colleague: "We are ready to go on the two most referrals that you gave me from Senator Scott's office." One of the two was Smith, who was recommended for the newly created post at a salary of \$16,404 a year, only \$600 below that of a supervisor.

The report cites also the case of Joseph Newman, who was given a 700-hour appointment to a custodial labor job in Wilkes-Barre, Pa., after being referred by Scott.

Though Newman could not be certified under Civil Service for a fulltime permanent job, he was given a 700-hour temporary job under circumstances that the report calls "highly unusual."

A third case was that of Harold D. Kitchen, who was also referred by Scott. The report said Kitchen was given a \$10,470 job as assistant buildings manager at Wilkes-Barre after failing to score high enough on the Civil Service register for another job.

The report quotes one GSA official as saying the job appointment "was set up for Mr. Kitchen."

Hamberger, Scott's assistant, denied in a telephone interview that Scott's office had ever asked any special favors. He said he had no knowledge of the memo asking that Pennsylvania openings be kept track of at GSA.

When asked about the allegations that Pennsylvania got special treatment, he replied: "I think it's logical to assume that Pennsylvanians will work as hard for Pennsylvanians as Texans will for Texans and Californians will for Californians."

But Hamberger said Senator Scott fully supported the merit system and would not have wanted it violated on his behalf.

"I'm unaware that we ever were in a position where we asked for anything other than proper consideration," Hamberger said. "In fact, 'proper consideration' is a code phrase that I insisted be put in my letter."

Scott's letter on Smith, however, contained no such phrase. It said Scott recommended Smith "mostly highly" for the job of building manager, and said, "I would be most grateful if you would favorably consider this appointment." The letter, dated May 6, 1971, was sent directly to Kunzig. Kunzig, now a judge in the U.S. Court of Claims, has refused to comment on the GSA situation.

Hamberger said he and others on Scott's staff were consulted by GSA principally in reference to names the Senator's office had sent over. He said he had not known about the separate "Pennsylvania file" and "Scott file" at GSA.

He noted also that the question of whether jobs were created for specific individuals was still in dispute between the Civil Service Commission and GSA officials. On the Kitchen case, he said Kitchen had been dismissed from a state job in Pennsylvania when a Democratic governor took over and thus needed other employment.

"I think the political referral system represents an infinitesimal portion of the federal work force," Hamberger said. He said he thought that political favoritism was far less a threat to the merit system than what he called "the personal back-scratching system" among federal employees.

"I think all federal employees would welcome a strengthening of the Civil Service System," he said. "But its chief failure is the failure of its internal procedures to work properly."

Kitchen and Newman could not be reached for comment. Smith declined to comment on his referral by Senator Scott when questioned by the Post-Dispatch.

Others who reportedly have received jobs through favoritism, however, have pointed out that often things were done by GSA or other agencies without their knowledge. They noted that an applicant might have no way of knowing that he was given a job because of political pull rather than a high grade on a Civil Service exam.

[From the St. Louis Post-Dispatch, Sept. 29, 1974]

REPORTS FAVOR FOR SHULTZ' SON
(By Robert Adams)

WASHINGTON, September 28. — George Shultz' son and drivers for John N. Mitchell and Jeb Stuart Magruder in the 1972 Nixon campaign apparently received special treatment in getting jobs at the General Services Administration, a confidential investigative report showed Saturday.

The document, a copy of which was obtained by the Post-Dispatch, was part of a study by the U.S. Civil Service Commission of alleged abuses of the merit system of GSA and elsewhere.

The report cites a number of specific cases in which individuals appeared to get preferred treatment through GSA's "special referral unit" because of high-level connections or because they were referred by political figures or others.

Shultz's son was given preferential treatment "as a result of high-level interest in his candidacy," the report declared. It said the hiring of Mitchell's driver "illustrates the extremes to which GSA officials would go to appoint high priority candidates."

Magruder's driver received "special treatment completely out of normal staffing channels," the report said.

The document gave no indication however, that either Shultz, Mitchell or Magruder had exerted pressure on behalf of their friends or relatives. Nor was there evidence that those who got the jobs knew, at the time, what was being done for them. It said that Magruder's driver "appears to have been an unwitting party to the preferential treatment" he allegedly received.

Today's development marked the latest in a series of disclosures about alleged violations of Civil Service rules. The Post-Dispatch reported last week that GSA officials took pains to find or create jobs for persons referred by powerful political figures, including Senate Republican minority leader Hugh Scott of Pennsylvania and President Gerald R. Ford when he was House Republican leader.

The Post-Dispatch disclosed also that a cousin of Representative Robert D. Price (Rep.), Texas, got a career job in GSA after Robert E. Hampton, chairman of the Civil Service Commission, referred the cousin to GSA with the notation: "If at all possible, I would like to help Congressman Price."

Under the law, career jobs in the Federal Government are to be awarded on merit. Special consideration because of high connections or political pull are forbidden.

In the Shultz case the confidential Civil Service Commission report told of how Peter Shultz—who is now a 22-year-old music student at a junior college in California—was given a job as a carpenter's helper.

It quotes Arthur Palman, who worked in a regional GSA personnel office, as saying his superior told him that Peter "was the son of George Shultz and that we were to take immediate action to pick him up."

George Shultz held several high posts in the Nixon Administration, including Secretary of Labor and Secretary of the Treasury.

The commission said Peter Shultz was given a part-time job as a custodial laborer

on Jan. 27, 1972. He was promoted later to carpenter's helper at a higher pay level.

But the commission said that wasn't the proper way to fill the carpenter's helper slot. Names for that job, the commission said, should have been taken from the Trade Helper register—which had been closed since June 15, 1971, "because of the surplus of candidates."

It said also that Shultz was working as a carpenter's helper when he was officially listed as a custodial laborer.

"As a result of high-level interest in his candidacy, a number of personnel actions were made to fall quickly into place for Mr. Shultz by means of a fast temporary appointment, use of an inappropriate Civil Service Register, and misassignment to carpenter helper duties while employed as a custodial laborer," the commission said.

The report said Palman's comment made it clear that the special treatment "stemmed from the fact that Peter was known to be the son of George Shultz."

The commission required that Shultz's position be "regularized," or that he be dismissed. Shultz quit his job Nov. 13, 1973 after refusing to take a job two pay grades lower.

Young Shultz told the Post-Dispatch that he had not known anything about the alleged special treatment until the commission's investigation.

Shultz said he had never asked for any favors because of his father—nor had his father on his behalf. He said he believed he was a victim, rather than a beneficiary, in the episode.

"The GSA said in effect, 'We made a mistake, but you have to pay for it,'" Shultz said. "They wanted to make me a janitor after I'd been working as a carpenter's helper. Finally, I just quit."

"The application form has a place where you have to list your father's name, and what he does," he observed. "I wasn't asking for anything because of him. But I guess you have to watch it on your own."

Mitchell's driver, Tom Wince, was hired on Jan. 16, 1973. He had been Mitchell's driver while Mitchell was running former President Richard M. Nixon's re-election campaign in 1972. Mitchell, a former Attorney General, is a defendant in the Watergate cover-up trial set to begin Tuesday.

The commission's report said Wince was given a job as "Confidential Assistant" in GSA headquarters after being referred by the White House. A week later, he was given a "Veteran's Readjustment Appointment" as a federal protective officer, a Civil Service job.

The report said Wince was apparently hired despite a hiring freeze on federal protective officer jobs at the time. It said also that his "Veteran's Readjustment" appointment "was not legal," because those appointments were supposed to be made within a year after a veteran leaves the service. Wince had left the Army more than 14 months before the appointment.

"In spite of the hiring freezes, the okay to hire him came straight from the White House," a source familiar with the case told the Post-Dispatch.

In evaluating the matter, the commission said that "this case illustrates the extremes to which GSA officials would go to appoint high priority candidates through the special referral system." Wince could not be reached for comment.

The report said Carl Foster, who was Magruder's driver during the 1972 campaign, was given a job as a forklift operator at GSA's supply facility in Franconia, Va., on July 9, 1973.

Magruder, who was the deputy director of the Nixon campaign, has since gone to prison for his role in the Watergate cover-up case.

According to the commission, Alan Kaupinen, a GSA official who also worked on the Nixon re-election campaign, contacted a regional administrator to ask about vacancies that Foster might fill. Another high-level GSA official also helped, the report said, and ultimately Foster got the job.

One GSA personnel worker was quoted as saying he regarded one inquiry about Foster as tantamount to an order to hire him. The report said also that James Stewart, manager of the supply facility at Franconia, was simply told that Foster would be showing up for work. Normally, Stewart would have interviewed him and reviewed his qualifications before a vacancy was filled, the report said.

"Mr. Foster's application was given special treatment completely out of normal staffing channels," the report said.

It noted the involvement of such high officials as Kaupinen, and declared: "Normally they would not be involved in any way in the hiring of a WG-5 forklift operator. Their participation in this case, and in providing such extraordinary preferential treatment, is difficult to understand."

It said, however, that because the procedures followed were technically correct and Foster was well qualified for the job, no corrective action was required. The report said Foster seemed to have been "an unwilling party to the preferential treatment he received."

Eight persons in GSA were charged by the commission with Civil Service violations as a result of the investigation.

In its own response to the commission's findings, the GSA admitted that "inexcusable" abuses had apparently occurred, but contended that the report painted an unfair picture of the GSA as a patronage-ravaged operation.

In its 31-page confidential reply, which, like the commission's report, has never been made public, the GSA cited also accomplishments in placing blacks, women and young persons in GSA jobs.

The GSA said also that the "special referral unit" had been set up originally for a legitimate purpose—that of responding promptly to members of Congress and others who made inquiries, and searching for talent to rejuvenate the agency.

It said also that there was "little evidence of intentional violation of personnel laws or merit system principles." The GSA reply said that the disciplinary action recommended by the commission against GSA staff members was inappropriate.

The GSA is the Federal Government's housekeeping agency. It runs the buildings that the Government owns and buys supplies for them.

Other agencies also have been the target of investigations by the Civil Service Commission or by others for alleged preferential treatment through "special referral units." These include the Department of Housing and Urban Development, the Small Business Administration, the Law Enforcement Assistance Administration, the volunteer agency Action, and the Social Rehabilitation Service of the Department of Health, Education and Welfare.

In another development today, it was learned that the commission's attempt to discipline the eight GSA employees may soon be challenged in federal court.

[From the St. Louis Post-Dispatch, Oct. 2, 1974]

PRESSED FOR JOB FOR GOP FRIEND
(By Robert Adams)

WASHINGTON, October 2.—The General Services Administration made "all kinds of special efforts" to find a career job for a Pennsylvanian after his Republican Representative asked for the help, the U.S. Civil Service Commission has concluded.

Confidential documents obtained by the Post-Dispatch indicate that the late Republican Representative John P. Saylor (Rep.), Pennsylvania, apparently wrote GSA a biting letter in 1971 asking why a fellow Pennsylvanian, James R. Nesbit, had not been hired as a federal protective officer.

A Dec. 1, 1971, letter from Saylor to William Casselman, the general counsel of GSA, asked for "some immediate assistance from this Republican Administration of which I am and have been asked to be a part, documents in the hands of Civil Service Commission investigators show.

A Commission report on an alleged "patronage ring" in GSA said efforts to employ Nesbit resumed after Saylor's letter and included a special 200-mile trip by a GSA personnel officer to Nesbit's home in Pennsylvania.

Casselman is now a counsel to President Gerald R. Ford. It could not be learned whether Casselman passed along Saylor's partisan complaint to GSA personnel officers. Casselman could not be reached for comment last night.

Under federal law, career jobs are supposed to be filed on merit. Partisan political considerations are expressly ruled out by Civil Service regulations.

The commission described also two instances in which a GSA personnel officer said he deliberately wrote a job description to match the background of a prospective employee.

"I used his SF-171 (resume form) and my imagination as to what might be his duties," John P. Joynt, a GSA personnel officer, said in a statement about the establishment of a job for a man referred by Senator Charles M. Mathias (Rep.), Maryland.

The incidents were detailed by the commission as a part of a still-secret report on allegations that a "special referral unit" within GSA did special favors for some applicants referred by prominent Republicans and others.

The controversy over the special referral units has already moved to a federal court. Earlier this week, two GSA staff members challenged the Civil Service Commission's right to discipline them and asked a United States District Court to block any such action.

The suit charged, among other things, that at least one of the three Civil Service commissioners—Robert E. Hampton, its chairman—was involved in the special referral system.

The Post-Dispatch reported last week that that Hampton had sent a letter in 1970 to a high GSA official expressing a desire "to help" a Republican Representative whose cousin wanted a job. The cousin later got a career job with GSA.

The Post-Dispatch reported also that the GSA, whose present and former administrators are Pennsylvanians, appeared to pay special attention to referrals from Pennsylvania.

On the Nesbit case, the Civil Service Commission said Nesbit had applied for a low-level job as a federal protective officer.

Nesbit, who apparently was eligible for such a post in West Virginia, was reported to have turned down offers in Wheeling and Martinsburg there.

Soon after, on Nov. 1, 1971, Saylor wrote his letter to Casselman. The letter, commission investigators said, indicated a desire for an explanation as to why Nesbit had not been hired.

Whether Casselman took any action was not specified. But a commission account said that "efforts to employ Mr. Nesbit were then resumed."

A problem apparently developed, however, over what kinds of jobs Nesbit would be

eligible for. Arthur G. Palman, a personnel officer with the GSA regional office that includes Pennsylvania, is quoted as suggesting that Nesbit come to Washington to discuss it. But Palman said he was told by a superior that the GSA should go to Nesbit.

The result, the commission said, was an extraordinary trip by a GSA staffer from Washington 200 miles to Nesbit's home in a small Pennsylvania town northeast of Pittsburgh.

The commission said the interviewer later reported that Nesbit was qualified in GSA only for the jobs of federal protective officer, guard and custodial laborer. The matter was eventually dropped.

"Mr. Palman estimated that the Nesbit case cost him and his staff at least one man-month as well as some travel money," the commission said.

"The evidence is clear that all kinds of special efforts were made in this case, apparently because of the strong interest of Congressman Saylor. Mr. Nesbit received a high degree of preferential treatment in GSA's apparent attempt to be 'responsive' to the Congressman," it said.

It said the fact that Nesbit was not given a job "does not detract from the fact that in this case the special referral system permitted partisan political influence to seriously disrupt personnel operations" in that GSA region, Nesbit could not be reached for comment.

One of the cases in which Joynt said he tailor-made a job description to fit a candidate involved that of Paul Caggiano, who was referred by Senator Mathias.

Joynt told commission investigators that in June 1971, he was asked to develop job description for a special assistant to the regional GSA administrator. The job was to pay about \$20,000 a year.

"This job was to be for a Paul J. Caggiano and I used his SF-171 and my imagination as to what might be his duties in developing the description of the job," Joynt said. He said he believed that the job was not really needed, and that it seemed that "we were making a job for someone with political pull."

Caggiano soon landed the job. The commission concluded that "the facts indicate that a position was tailored to meet Mr. Caggiano's personnel qualifications rather than the needs of the service . . . violation of the merit principle of open competition is evident."

The commission noted, however, that Caggiano had moved to another post in the office of federal management and policy at GSA, and that he was qualified for the job.

Reached by the Post-Dispatch, Caggiano said he had no idea such efforts were being made for him.

"Good night," he exclaimed, "It's really amazing. That's just amazing to me."

Caggiano stressed his background in data processing and said he thought he had been hired because he was qualified.

"I guess everybody likes to think, as you go through life, that you got where you are on the merits," he said. "It gives you a funny feeling to hear all this."

A spokesman for Mathias also denied knowledge of, or asking for, any special favors. "The letters are routine buck-slips," the spokesman said. "The Senator doesn't even recall knowing him. Looks like somebody pushed the panic button."

Joynt said he had used his imagination also in making a job for John Grosnick as assistant chief of the Federal Protective Service Division. The commission said Grosnick was not believed to have been referred by a political source. It noted, however, that when Grosnick applied, the division chief was a

man he had previously worked for in the Pennsylvania State Police.

The commission said "personal favoritism" was believed to be behind the action. "It appears that no other candidates were considered and the merit principle of open competition was violated," the commission concluded. Grosnick was reported to be traveling in Europe and could not be reached for comment.

Another instance of alleged favoritism involved Gary Scarpelli, the son-in-law of Jacob G. Kassab, Pennsylvania's secretary of transportation. Both are Democrats.

Scarpelli was given a temporary, 700-hour appointment as a building manager in Pittsburgh after first failing, and later passing, a Civil Service exam. The commission quotes his supervisor as saying he had not asked that the job be filled. I did not know about Scarpelli until he was told of his hiring and did not have a chance to consider other applicants.

Palman is quoted as saying the case was described to him as a "Sampson-Roush" referral of the highest priority. Arthur F. Sampson is the current head of GSA, and Larry F. Roush is commissioner of the public buildings service for GSA. Both are from Pennsylvania.

"The pressures to appoint Mr. Scarpelli resulted in special handling of his application at every step," the commission said. In telephone interviews, both Scarpelli and Kassab denied knowing of the alleged favoritism.

In another case, then representative Richard C. Poff of Virginia, now a justice on the Virginia Supreme Court, was reported to have called the GSA in 1970 about a job for Douglas Spradling as traffic management specialist.

One GSA official is quoted by a GSA staff member as saying that Spradling was being "crammed down his throat" by the central office. In July 1970, 12 employees of GSA submitted a petition protesting the hiring of Spradling, saying they had not been given a chance to compete.

"The evidence suggests but does not show conclusively that political considerations were involved in the decision," the Civil Service Commission said.

Defenders of the GSA say the commission's portrait is overdrawn. They cite figures indicating that of about 300,000 applications processed by GSA during the period covered by the investigation, only 3600 went through the referral system. Of the 40,000 persons hired, only about 300 went through the referral system, and roughly half of these were non-career jobs that do not fall under the merit system.

In its investigation, the commission noted also allegations that some appointments—even to career jobs—required political clearance by the Nixon White House. Such clearance would violate the non-partisan promise of the merit system.

The commission quotes an affidavit from G. C. Gardner, Jr., assistant administrator of the GSA, as saying: "I was shown a political clearance form with my name on it which I was told was prepared on me prior to my return to GSA in August of 1971."

Gardner, the commission noted, is "a career executive for whom political clearance was not appropriate." Gardner told the Post-Dispatch, however, that he never determined for certain whether the form was filled out by mistake, or whether he really had to be cleared.

"Obviously I'd resent it if it happened," Gardner said. "But I had to chuckle a little

about it. I vote, but I'm not registered with either party. They'd have a heck of a time trying to check me out."

[From the St. Louis Post-Dispatch,
Oct. 3, 1974]

**SPECIAL EFFORT MADE BY GSA TO FIND JOB
FOR REPUBLICAN**
(By Robert Adams)

WASHINGTON.—Personnel officers at the General Services Administration took "a personal interest" in a job candidate referred by Robert E. Hampton, chairman of the U.S. Civil Service Commission, and so told Hampton's office, the Post-Dispatch learned today.

Confidential documents indicate that the candidate, who was also referred by two prominent Republicans, eventually was given a career job as a specifications writer at GSA in 1970.

An internal GSA memo indicates that Lyle Emory Hutchinson, who received the job, was listed as a "must case" after letters of referral were sent to GSA by Hampton; Robert G. McCune, executive director of former President Richard M. Nixon's inaugural committee in 1969; and Harry S. Flemming, who was then head of the White House personnel office.

Today's disclosure marked the second case in which Hampton personally referred a job-seeker who later appeared to get special treatment at GSA.

The Post-Dispatch disclosed last week that Dwight W. Jones, the first cousin of Representative Robert Price (Rep.), Texas, got a Civil Service job at the GSA after Hampton referred him and wrote: "If at all possible, I would like to help Congressman Price." Jones was rated a "must case" by GSA staff.

In the Hutchinson case, Jack Lemay, a GSA personnel officer who was later one of eight persons charged by the Civil Service Commission with violating Civil Service rules in the operation of a "special referral unit," wrote a note for the file indicating that he had called Hampton's secretary and told her "we are taking a personal interest and will try to do something."

Hampton's office did not attempt to deny the authenticity of the documents or the facts contained in them.

Anthony Mondello, general counsel to the Civil Service Commission, was reluctant to discuss the matter because the commission's attempt to discipline the GSA employees has now been challenged in court.

But Mondello told the Post-Dispatch that Hampton "was certainly aware of the Hutchinson case" when he and the other two commissioners unanimously rejected a contention by some of the GSA staffers that the commission's impartiality had been tainted.

The rejection mentioned the Jones case—in which Robert L. Kunzig, then head of GSA, wrote to Hampton that a job had been "established" for Jones—and said the commissioners found no impropriety.

"The commissioners specifically reject any inference or contention that this or any other referral to GSA by them was made in the knowledge that the referral would be treated in any manner contrary to applicable law, rules and regulations," the commission said in a Sept. 23 decision.

Mondello said he did not know, however, whether the other two commissioners were aware of Hampton's role in the Hutchinson case at that time.

Mondello said it could safely be assumed that if Hampton had any reason to challenge the accuracy of the documents on Hutchinson's placement, he would do so. The documents were not challenged.

The note about the call to Hampton's secretary was construed by some persons familiar with Civil Service rules as putting Hamp-

ton on "constructive notice" that special efforts were being made for Hutchinson.

Under the law, career jobs like Hutchinson's in the Federal Government are supposed to be filled on merit. Political or personal favors are prohibited.

But today's disclosure that Hampton personally referred Hutchinson to GSA, and apparently knew that "a personal interest" was being taken in the case, appeared certain to raise fresh questions about the propriety of Hampton's involvement.

Some observers contended that it is ironic for Hampton—the chief guardian of the nation's merit system—to be involved in an attempt "to help" a member of Congress by getting his cousin a job, or to knowingly sit by while "a personal interest" was taken in another of Hampton's referrals.

Documents obtained by the Post-Dispatch show that Hutchinson was first referred to GSA on Oct. 6, 1969 by McCune. McCune was then on leave as director of United States government programs for Lockheed Aircraft.

In a "Dear Bob" letter to Kunzig, then head of GSA, McCune wrote:

"I am pleased to send along to you the resume of a good Republican friend of mine, Mr. L. Emory Hutchinson (Hutchinson), on the possibility that there might be an 'in the ranks' position that he could qualify for at GSA." McCune said he believed Hutchinson was "planning to discuss a Government procurement position with Bob Hampton."

On Oct. 8, Hampton wrote to Rod Kreger, who was then assistant administrator of GSA, which is the Government's housekeeping agency:

"I am forwarding Mr. Hutchinson's resume to you for consideration. Is there any chance that GSA can use his services?" The letter said.

On Oct. 29, Flemming wrote to Kunzig: "Mr. L. Emory Hutchinson (Hutchinson), a staunch Republican, has had long and varied experience as indicated by the enclosed resume. He is interested in a procurement type position with GSA; I'm sure he would be a valuable addition to your offices."

"I would appreciate whatever you can do on behalf of Mr. Hutchinson."

A handwritten postscript at the bottom says: "P.S. I am interested in this one."

A resume in Hutchinson's file at GSA contained the note that he is a "registered Republican in Maryland." It added that he had done "precinct work."

The resume is a personally prepared document, rather than the official Government Standard Form 171. It was not immediately apparent whether the resume was the one sent by Hampton, or McCune, or Flemming—or whether all three sent the same resume.

Under civil service regulations, party affiliation is to be ignored in filling career jobs.

Asked about the propriety of mentioning that Hutchinson was "a good Republican" in a reference for an "in the ranks" job, McCune told the Post-Dispatch:

"Had this been a Democratic Administration, and had he been a Democrat, and qualified for the job, I probably would have mentioned that fact. This has been part of the system for a long time."

"I wish it didn't have to be that way, quite frankly. But I've been in Washington for 20 years, and that's the way the system works. I guess it's like going to Notre Dame and saying you're a good Catholic."

Asked how he felt about having Hutchinson treated as a "must case," with an apparently large expenditure of staff time on his placement, McCune commented: "I guess I'm surprised I had that much clout."

McCune maintained, however, that he had not tried to subvert the merit system. He said some "in the ranks" jobs could conceivably

have been "Schedule A" or "Schedule C" jobs that are exempted from Civil Service because of their proximity to policy-making positions.

McCune said he was a family friend of Hutchinson's, and believed Hutchinson's many years in the furniture business qualified him for a job at GSA, where functions included buying and maintaining furniture for government buildings.

A note to LeMay on Oct. 30 asks him to call Flemming's office "and keep them informed of status" on Hutchinson. A handwritten note by LeMay indicates that he called Hutchinson, called the White House personnel office, and called Hampton's office.

A Nov. 3, 1969, handwritten note to Kunzig signed "Bruce" observed that Hutchinson had been "recommended by Bob Hampton (in letter to Rod Kreger) and Bob McCune (exec director of inaugural committee)."

It contained also an unflattering evaluation of Hutchinson by another GSA staffer.

A staff memo Dec. 22 discusses the limited number of jobs available in GSA's federal supply service and asks the unnamed recipient: "Is this a must case or not???"

A note farther down on the page says that "Mr. Kreger said that this was not a must case—up to Mr. LeMay, wait until he gets back. Mr. Kreger does not see any reason to go further with it."

By March 25, 1970, however, Hutchinson apparently had been elevated to a "must case." A memo from Kreger to Kunzig dated March 25 stated:

"We have completed the processing and are in a position to pick up Lyle E. Hutchinson as a GS-13 (mid-level) specification writer in the federal supply office. He was a must case sponsored by Harry Flemming, Bob Hampton, and Bob McCune."

"I have attached letters for your signature to Flemming and McCune. I thought perhaps you would want to call Bob Hampton or mention it to him the next time you see him."

The word "fine," with Kunzig's initials, is handwritten at the bottom of the memo.

Reached by the Post-Dispatch, Hutchinson said he had not realized that so much effort was being expended on his behalf.

He said if "a personal interest" was taken in his placement, "it was probably because of my background and my experience." He noted that he had run a furniture store before going with GSA, and had been in the business more than 20 years.

Hutchinson acknowledged asking McCune to write a letter of reference, but noted that reference letters are often required for government jobs. He said also he called Hampton.

"From my point of view, I took the tests, became eligible, and then got the job," he said. "I walked over hell's half acre looking for one. I talked to the personnel people in all the agencies. But at the time, there was a freeze on. They would tell me they couldn't hire me."

Asked about any special treatment, Hutchinson said: "You're telling me something that's new to me. I didn't know I was that important."

Questions about the propriety of Hampton's sitting in judgment on the GSA staffers who have been charged by the Civil Service Commission were raised in court this week by two of the defendants.

The defendants, Larry Roush and Ann Powell, said it was "bureaucratic hypocrisy for Hampton to discipline GSA staffers for

their purported work on a "special referral unit" when Hampton himself made referrals.

[From the St. Louis Post-Dispatch, Oct. 8, 1974]

FORD AID LINKED TO FAVORITISM CASE
(By Robert Adams)

WASHINGTON, October 8.—William E. Casselman II, who is now a counsel to President Gerald R. Ford, knew about and may have played a role in extraordinary efforts to place a Republican House member's constituent in a federal career job in 1971 and 1972, the Post-Dispatch learned today.

The United States Civil Service Commission later cited that case as one in which preferential treatment was allegedly given to a candidate for a civil service job in apparent violation of merit principles.

The incident took place while Casselman was general counsel for the General Services Administration. The Civil Service Commission has charged eight GSA staff members with allegedly giving preferential treatment to certain job candidates.

Documents obtained by the Post-Dispatch confirm a report last Wednesday of Casselman's possible involvement. It marked the first indication that a member of Mr. Ford's staff had been linked to an incident involving possible violation of Civil Service rules while at another agency.

Less than three weeks ago, President Ford issued a directive to all heads of federal agencies and departments urging them to comply with the Civil Service laws. He called on the officials to respect the merit system and keep political considerations out of career jobs.

Casselman, through an aid, refused to comment.

The aid, Barry Roth, said Casselman "feels it would be inappropriate for him to comment on this or any other matter that is or might be the subject of litigation." Two of the eight GSA staff members have gone to court to challenge the Civil Service Commission's charges.

The case in question involved what the commission later called "all kinds of special efforts" to place James R. Nesbit, a factory worker from Reynoldsville, Pa., as a protective officer with GSA. Nesbit had been referred to GSA by the late John P. Saylor, a Republican Representative from Pennsylvania.

In a Jan. 17, 1972 letter to Saylor, Casselman detailed some of the efforts GSA was making to place Nesbit. A copy of the letter was obtained by the Post-Dispatch.

The letter indicates Casselman's awareness of an apparent willingness on GSA's part to hire Nesbit despite a Government-wide hiring freeze then in effect.

It shows also that Casselman knew about an extraordinary, 200-mile trip made by a GSA personnel officer to Nesbit's home in rural Pennsylvania. Knowledgeable sources said it was the only time in memory that a GSA staff member had journeyed to the home of a person seeking a job as a building guard for the purpose of interviewing him. Normally, such low-paying jobs are filled through routine Civil Service channels.

Another document, an internal staff memorandum dated Nov. 19, 1971, referred to a conversation in which Casselman was said to have told Saylor that GSA would take action to recruit Nesbit for the protective officer's job.

"Casselman's interest was known by everybody there," one source familiar with the case told the Post-Dispatch. "If there had been a one-plus priority, this would have been it."

According to a confidential Civil Service report on the "special referral unit" in GSA, Nesbit was offered two jobs as a protective officer but apparently declined both.

Documents and interviews with various sources indicate that the attempts to place Nesbit apparently began with a referral letter from Saylor, dated Aug. 20, 1971. The letter, addressed to Robert Kunzig, then administrator of GSA, noted that Nesbit had qualified for a GS-4 (entry-level) job as federal protective officer and was interested in such a post.

The Civil Service Commission report quotes an affidavit from Arthur G. Palman, a personnel officer in the GSA regional office that covers Pennsylvania, as saying that Palman received a call about job prospects for Nesbit in early September 1971. Palman is quoted as saying the call came from Jack LeMay, who was later charged by the commission with allegedly violating the merit system.

"Some confusion developed about where Mr. Nesbit would accept employment," the commission's report noted. It said he was offered jobs in Wheeling, W. Va., and Martinsburg, W. Va., but declined both offers.

Nesbit, however, contended he had actually wanted the Wheeling job and had not declined it.

In a biting Nov. 1, 1971 letter to Casselman, Saylor referred to a phone call Casselman purportedly made to Saylor's office on Sept. 30 regarding Nesbit.

"I was under the impression that this young man would be given 'top' priority for the vacancy in West Virginia and all that was necessary was to receive his acceptance," Saylor wrote.

But Saylor added that this apparently was not the case, and told Casselman:

"I believe I am due an explanation and some immediate assistance to avoid another embarrassing situation from this Republican Administration of which I am and have been asked to be a part."

A Nov. 19, 1971 memorandum bearing the signature of A. W. Innamorati, who was then assistant commissioner for buildings management at GSA, continues the story. It was addressed to John F. Galuardi, who was then a regional GSA administrator.

It said a copy of Saylor's letter to Casselman was being attached. It then referred to Richard Fanske, who worked in the central office of the Public Building Service.

"Rick Fanske called and advised me that Mr. Casselman talked to Congressman Saylor, personally, and informed him that GSA would take action to recruit Mr. Nesbit for this position in Wheeling, W. Va.," the memo said.

"On this basis, there will be no written reply to Congressman Saylor and you should proceed to take action to recruit Mr. Nesbit."

Galuardi refused to comment on the memorandum. Fanske said he did not recall the Nesbit case. Innamorati told the Post-Dispatch that "I know Casselman had indicated an interest," but said that the phrase "take action" could simply mean checking to see where Nesbit was placed on the civil service register.

But another source told the Post-Dispatch. "The words 'take action' meant exactly what you'd expect them to mean in that context. They meant to do what was necessary to bring him on board."

A handwritten note between two other GSA staff members, with no dates, quotes another staff member as saying he understood "that there has been discussion perhaps between PHS and Mr. Casselman of setting up another position for Nesbit in Wheeling."

The commission's report says that efforts to employ Nesbit were resumed in the fall of 1971, but Nesbit could not place high enough on the list of eligible candidates. It quoted Palman as suggesting that Nesbit might come to Washington to see if he might be qualified for some other type of job. But Palman is quoted as saying that LeMay refused, saying that GSA should see Nesbit instead.

On Dec. 15, Robert Hayas, a personnel officer with GSA, traveled to Nesbit's home in rural Pennsylvania. The trip was described as unique by sources.

"I've been in personnel 18 years, and I know of another one," said George Harrod, who was with GSA's personnel office at the time and is now deputy director of personnel for the Washington, D.C., city government.

"My philosophy is, They want the job. They're supposed to approach us. If it were a high-level position requiring unusual qualifications, and the man applying for it were ill or something, then maybe I could see it."

"What ticked people off," one source said, "is that they were beating their brains out to find a job for this guy (Nesbit)—and then he turned them down."

"The whole question is: Why would Casselman's office get involved anyway? He was the legal counsel. He's not supposed to be involved in hiring a guard. The personnel people do that."

A letter from Casselman to Saylor dated Jan. 17, 1972, referred to Saylor's Nov. 1 letter and to "my subsequent telephone conversation" with two members of Saylor's staff.

"I thought a summary of our activity in trying to place Mr. James R. Nesbit of Reynoldsville, Pa., as a federal protective officer would be of interest to you," Casselman wrote.

He then noted that the GSA was recruiting protective officers in Wheeling in September. Although Nesbit ranked eighth on the civil service register, there were three vacancies and was certified as eligible. But, Casselman said, in October, Nesbit declined an offer in Wheeling and another in Martinsburg.

Casselman wrote that he understood that Nesbit had objected to the working hours at Wheeling, and to the cost of living at Martinsburg.

"Since then it has been determined that Mr. Nesbit is still interested in the position in Wheeling," Casselman wrote. But he noted that other applicants for the job had placed him too far down on the civil service register, "even though GSA was willing to make an exception to the general hiring restriction and offer to hire him."

"To further assist us in trying to place Mr. Nesbit," Casselman went on, "one of the personnel technicians in our Region 3 office visited with Mr. Nesbit at his home in Reynoldsville, Pa., on Dec. 15, 1971, to obtain additional details concerning his previous employment experience to see if he could qualify for some other type position."

"His background is such that the best job prospect is that of a federal protective officer," Casselman said. He told Saylor the GSA was "still exploring the possibilities" of having him certified for such a job.

Casselman closed by promising to keep Saylor informed if any additional information were developed.

"The evidence is clear that all kinds of special efforts were made in this case, apparently because of the strong interest of Congressman Saylor," the Civil Service Commission concluded in its 54-page report on GSA. "Mr. Nesbit received a high degree of preferential treatment in GSA's apparent attempt to be 'responsive' to the Congressman."

"The fact that Mr. Nesbit was not appointed does not detract from the fact that in this case the special referral system permitted partisan political influence to seriously disrupt personnel operations in Region 3, in an apparent attempt to secure a job for Mr. Nesbit in violation of merit principles."

The report quotes Palman as saying that the Nesbit case cost him and his staff at least one man-month in time, as well as travel money. Hayas was quoted as saying that he alone spent several weeks on the case.

Reached at his home, Nesbit acknowledged writing to Saylor and said: "He's the one, I think, who set me up for that job." But he noted that he had gone through the civil service system and had been qualified, and "I didn't think they treated me any different from anybody else."

Nesbit said that Hayas, on his visit to Reynoldsville, had indicated that he might be able to get a GSA job if he came to Washington. But Nesbit said he preferred to live in a smaller city, so he kept his assembly-line job at a factory in Reynoldsville.

Casselman, 33 years old, was a legislative assistant to Representative Robert McClory (Rep.), Illinois, from 1965 to 1969.

In 1969 he was named deputy special assistant to then President Richard M. Nixon for congressional relations. He served as GSA's general counsel from 1971 to 1973, and became counsel to Mr. Ford as vice president on Dec. 12, 1973.

Casselman was named to his present job after Mr. Ford became President. He is one of three attorneys with the title of counsel to the President. Philip Buchen is President Ford's counsel with Cabinet rank.

[From the St. Louis Post-Dispatch,
Oct. 10, 1974]

GSA HEAD, JOB SEEKER LINKED
(By Robert Adams)

WASHINGTON, October 10.—Arthur F. Sampson, head of the General Service Administration, told a Republican Senator in 1972 that the GSA was continuing to try to find a career job for a constituent "because of your deep interest," it was learned today.

The comment was made by Sampson in a Sept. 1, 1972 letter to Senator Charles M. Mathias Jr. of Maryland.

The letter concerned efforts to place Walter P. Mulhall of suburban Washington, who eventually was given a job under conditions that the Civil Service Commission said involved violations of the merit system.

Today's disclosure marked the first incident in which the name of Sampson, whose title is Administrator of GSA, had been linked in a case in which the Civil Service Commission found improper activity.

After the placement, Sampson apparently made a personal phone call to Mathias's office to tell him about Mulhall's new job. A letter from Mathias to Mulhall wishing him "the best of luck in your new position" referred to the call from Sampson.

When told by the Post-Dispatch about the Civil Service Commission's findings, Mathias' office immediately made the correspondence file on Mulhall available. Mathias is seeking re-election. An aid said that no special favors had been asked for, or known about, by the Senator's office.

Mulhall was apparently brought to Mathias's attention by Herbert J. (Jack) Miller Jr., a prominent Washington lawyer who now represents former President Richard M. Nixon. Notations on some of the letters from Mathias's office indicate that a copy was to be sent to Miller.

Mulhall, who said he did not believe he was granted any special favors, told the Post-Dispatch he knows Miller and may have mentioned his interest in a government job to him in 1972. Mulhall said he went to Mathias's office seeking assistance, but did not meet the senator.

"You surprise me so much I can't get over it," he said when the letters were read to him.

But Mulhall maintained his belief that he had received his GS-14 (mid-level) job in GSA's Automated Data and Telecommunications Service on merit, pointing to his 26 years experience in marketing and his certification by the Civil Service Commission.

The aid to Mathias repeated a statement made by the Senator after the Post-Dis-

patch disclosed last week that the Senator had been cited as the man who referred Paul J. Caggiano for a job that the Civil Service Commission also said involved merit violations.

"I want to get an explanation of why a government official felt he should bend the rules in a case when he certainly had not been urged to do so by me," Mathias's statement said.

The aid said Mathias planned also to send a letter to President Gerald R. Ford urging him to go beyond his recent reaffirmation of merit principles and take "affirmative action to deal with those involved" in improper activities.

Mathias's correspondence file on Mulhall begins with a June 20, 1972, letter from the Senator's office to Ken Duberstein, who was congressional liaison officer for GSA. Worded routinely, it asked the GSA to give "every proper consideration" to Mulhall.

On June 30, Sampson, who was then acting administrator, wrote back. He told Mathias that Mulhall's application had been referred "to key officials in several of our services" and that the departments were asked "to review all available and anticipated vacancies in an attempt to match his qualifications with a position."

On Aug. 15, Mathias wrote a letter repeating his hope that Mulhall would be "properly considered for a position" and thanking Sampson for the GSA's efforts.

On Sept. 1, Sampson wrote to Mathias that Mulhall had had interviews with various GSA officials on Aug. 11. Because of "personnel ceiling limitations and lack of vacancies in his field," Sampson said, no job had been found so far.

"Because of your deep interest, however, we are still pursuing other avenues and will advise you further within the next two weeks," Sampson said.

On Dec. 13, Mathias wrote Mulhall that "I was very pleased to have been telephoned by Arthur Sampson, Administrator, General Services Administration and advised that you have been accepted at a GS-14 rating with GSA."

Asked some time ago about Mulhall, Sampson told the Post-Dispatch that he did not recall the case. But he said it would not necessarily be unusual for the head of an agency such as GSA to be in personal contact with a senator's office about the filling of a civil service job.

One source familiar with the case, however, told the Post-Dispatch: "Sampson certainly had to know what was going on."

The Civil Service Commission, without naming either Sampson or Mathias, concluded that the hiring had been done improperly. "Based on the special interest shown in his appointment by the Senator, Mr. Mulhall was appointed to a position for which open competition had been improperly restricted and for which preferential consideration was given to Mr. Mulhall to the systematic exclusion of all other potential candidates," the commission said.

The commission's conclusions were contained in a "supplemental report" on its earlier 54-page study of an alleged patronage ring in GSA. The new report, which cites 24 additional cases of alleged merit-system violations, was made public today by the manpower and Civil Service subcommittee of the House Committee on Post Office and Civil Service.

Although the report does not name the political and other sources of the referrals to GSA, the Post-Dispatch learned that Mathias had been the Senator involved in the Mulhall case.

Reliable sources said that other political figures who made referrals in cases mentioned in the report included Republican Senators Hugh Scott of Pennsylvania, John C. Tower of Texas, Hiram L. Fong of Hawaii,

and Norris Cotton of New Hampshire, and former Republican Representative Fred Schwengel of Iowa.

The report says that in 24 of the 25 additional cases studied, preferential treatment was given through GSA's "special referral system."

It indicates also that Robert Kunzig, former head of GSA and now a judge in the U.S. Court of Claims, apparently acquiesced in the alleged improper use of 700-hour "temporary appointments" in two cases.

It quotes Kunzig as telling one member of Congress that a woman he recommended was being given a temporary appointment, and adding: "During her 700-hour temporary appointment, we plan to initiate proceedings to obtain her permanent appointment to this position."

But the commission said that such use of a "temporary" appointment as a wedge for a permanent job "was improper under commission requirements."

One case cited by the commission involved a man named Richard Lee Finnerty, who was given a GSA job after being referred by a member of Congress. The Commission said that a special job of administrative aid was set up for Finnerty in the Kansas City regional office of GSA in violation of merit rules.

It quoted letters from the unnamed Congress member to GSA officials saying it was important to him that "absolutely everything be done on Mr. Finnerty's behalf," and that getting a job for Finnerty would be helpful to public officials, "especially those who think along our lines."

Investigative sources told the Post-Dispatch that the member of Congress in this 1971 case was Schwengel, who is now president of the U.S. Capital Historical Commission.

Reached by the Post-Dispatch, Schwengel said he knew Finnerty, whose daughter had worked in his Congressional office. He said he had referred Finnerty, who then was a constituent living in Keokuk, Ia., for government jobs. But he said he could not imagine having written letters with such language in them.

"I never demanded a job for anybody," Schwengel said. "There was no pressure. That's so uncharacteristic of anything I've ever done, that I just can't imagine it."

The commission, in its supplemental report recommended that the GSA review the necessity of the administrative aid post to which Finnerty was named.

The report noted that it had found no evidence of fraud or misrepresentation on the part of those who had been given the jobs. Sources familiar with the investigation said that such job seekers often were the unwitting beneficiaries of favors for which they had not asked.

The sources noted also that there was nothing improper in a referral, as such, from a Senator or a Representative. They indicated that the political figures who referred the job seekers may well have been unaware of the alleged preferential treatment.

In its supplemental report, the Civil Service Commission cited some of the techniques allegedly used to "get around" the merit system. It said one job seeker was described by a GSA staffer as "a very hot case." Others were referred to as "must cases" or "must placements."

In one instance, a GSA staffer was quoted as saying he was told by two GSA officials to "move fast" in finding a job.

In another, an applicant was purportedly told to rewrite her resume to conform to a job description. When even that failed, she was given a "confidential assistant job"—but is exempt from the career service.

One grateful applicant told a GSA staffer allegedly involved in the agency's special re-

ferral unit that her efforts were "essential to my securing employment," according to the report.

Representative David N. Henderson (Dem.) North Carolina, is chairman of the manpower and Civil Service subcommittee, which released the supplemental report today along with the commission's earlier 54 page study.

[From the St. Louis Post-Dispatch, Sept. 28, 1974]

UNCURBED PATRONAGE RINGS

Robert E. Hampton, chairman of the Civil Service Commission, says he was "utterly shocked" to learn that the White House under President Nixon had prepared a document detailing ways to circumvent the civil service system. His shock has not been translated into much reform.

The document was prepared as part of a deliberate program to place Nixon loyalists in key positions throughout the Government so that federal programs could be manipulated in order to help re-elect the President in 1972. This so-called "Responsiveness Program" and mounting evidence of wide-spread political influence peddling in several federal agencies which are supposedly to be staffed on a nonpolitical basis constitute, in Mr. Hampton's view, perhaps the greatest threat to the federal merit system in its 90-year history.

Yet a measure of how pervasive threats to the merit system have become is that Mr. Hampton himself has admitted used his personal influence to help about 30 persons find jobs, including one candidate placed as a favor to a Texas congressman.

As disclosed by Washington correspondent Robert Adams, government investigators are looking into so-called "patronage rings" in several agencies and have already uncovered "clear and conclusive" evidence that "a special referral system" in the General Services Administration "gave improper and preferential treatment to candidates referred from nominally political sources."

Among those who received such treatment for job candidates were Gerald Ford, when he was Republican minority leader in the House, and Hugh Scott, the Republican minority leader in the Senate. The GSA, the agency charged with buying and maintaining federal property, allegedly gave candidates from Mr. Scott's home state of Pennsylvania preferential treatment and kept referrals from the Senator's office in a special file.

The irregularities in the GSA have been known to Civil Service investigators for almost a year now, and the question is what has been done to put the GSA house in order. A still-secret report called for "immediate and strong action," yet there have been inordinate delays in disciplining the employees singled out as participants in the GSA patronage ring.

Perhaps Civil Service Chairman Hampton, who defends his efforts to do a favor for a congressman—but concedes he "probably wouldn't do it again"—is not the best man to carry out a vigorous effort to defend the merit system from persistent political attack.

H.R. 16373—PRIVACY ACT OF 1974

HON. WILLIAM S. MOORHEAD
OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, soon after the House reconvenes next month, Members will have the opportunity to vote on H.R. 16373, the

Privacy Act of 1974 (H. Rept. 93-1416). The bipartisan measure was unanimously reported by the Government Operations Committee by a 39 to 0 rollcall vote on September 24 and an open rule was granted by the House Rules Committee on October 8 calling for 1 hour of general debate. The crowded legislative schedule of the past several days unfortunately has prevented action on this important legislation before the October recess.

H.R. 16373 will provide an individual access to records about him being held by Federal agencies and give him the right to correct misstatements of fact in those records, in most cases. The bill has the "enthusiastic support" of President Ford, as I indicated in my remarks in the RECORD of October 9, 1974, at page 34838 inserting the full text of his statement on H.R. 16373.

Mr. Speaker, to better acquaint Members with the background on this legislation, I insert at this point the text of an article from the September 28, 1974, issue of Congressional Quarterly entitled "Privacy: Congress Expected to Vote Controls."

The article follows:

PRIVACY: CONGRESS EXPECTED TO VOTE CONTROLS

Privacy: The claim of individuals, groups or institutions to determine for themselves, when, how and to what extent information about themselves is communicated to others.—Dr. Alan Westin, Privacy and Freedom.

With a coalition of liberals and conservatives in and out of government leading the way, Congress is expected before adjournment to complete work on privacy legislation that for the first time would clamp controls on the federal government's collection and dissemination of personal information about individual citizens.

But federal agencies and the White House, while supporting the privacy concepts in the legislation, are lobbying against one proposal that would set up a watchdog panel to see that the agencies follow strict procedures and are seeking amendments that would prevent federal employees and applicants from obtaining their examination and employment investigation results.

The outcome could determine whether President Ford signs a final bill, according to William Phillips, staff director of the House Government Operations Subcommittee on Government Information, which has worked with executive branch officials on the privacy legislation.

Another Government Operations Committee staff source, however, said the panel could report "the most outrageous privacy bill, and in the moment of truth, everyone would go along with it so they wouldn't be on the record in opposition to privacy."

TRANSCENDING PARTISANSHIP

House and Senate privacy legislation, which would give Americans access to many of their records maintained by federal agencies, has drawn such diverse proponents as the Domestic Council Committee on the Right of Privacy, headed by President Ford; the American Civil Liberties Union (ACLU); the House Republican Research Committee; Representatives Barry M. Goldwater Jr. (R Calif) and Edward I. Koch (D N.Y.) and Senators Sam J. Ervin (D N.C.) and Charles H. Percy (R Ill.).

Koch, who along with Goldwater, has been in the forefront of the privacy issue in the House, asserts that the matter of personal

privacy and individual rights "transcends political partisanship."

DIFFERENCES

While forces lining up behind Senate and House bills agree that individuals have little or no control over the information that is collected about them, strong differences of opinion exist on the best way to check—as Ervin puts it—"the government's voracious appetite for personal information about each of us."

Ervin, along with Goldwater, Koch and others, is convinced that nothing less than a new personal privacy board is required to dictate to federal agencies procedures for collecting and circulating information about individual citizens.

Ervin's insistence on this point was prompted by a survey of federal data banks conducted by the Senate's Constitutional Rights Subcommittee which he chairs. "Finding about these [data] systems has been difficult, time-consuming and a frustrating experience," Ervin wrote. "The subcommittee met evasion, delay, inadequate and cavalier responses [from certain agencies], and all too often a laziness born of a resentment that anyone should be inquiring about their activities. Some agencies displayed their arrogance by not replying at all. With others, extracting information was like pulling teeth."

A House source, who has worked closely on the privacy issue, put it bluntly: "We don't trust bureaucrats as far as we can spit." The board concept is incorporated in S 3418 introduced by Ervin and pending in the Senate Judiciary Committee.

The Domestic Council Committee on the Right of Privacy, as well as government departments, would place personal information disclosure regulation within the federal agencies. "We're not thrilled with the thought of a privacy board or commission at this point," a spokesman for the panel said.

The committee has been working closely with the House Subcommittee on Government Information, which reported HR 16373 to the full Government Operations Committee Sept. 12. That measure leaves enforcement to the agencies rather than a separate board.

The committee took this approach, Phillips said, because "if you interpose a layer of bureaucracy between citizens and the agencies, you are courting an administrative monstrosity." Once a board is created, Phillips added, "it would be almost impossible to eliminate it."

The ACLU, meanwhile, is avoiding these squabbles altogether, taking the position that any movement on the privacy issue by Congress is a progressive step. "We're awed by any action," said Douglass Lea, director of the organization's Privacy Project, a non-profit tax-exempt effort set up to monitor data collection by government and private institutions.

Despite assertions by privacy bill supporters that their proposals are comprehensive, both Senate and House measures provide broad exemptions for files containing national defense, foreign policy and criminal investigation data.

"This is one area where I feel that most proposed privacy legislation has been grossly deficient," Rep. Bella S. Abzug (D N.Y.) told the House April 2 during a colloquy on privacy organized by Goldwater and Koch.

Legislation introduced by Abzug "specifically includes records in this area, because I believe we cannot make an exception of one of the most abused areas and then expect people of this country to feel that we have produced a serious piece of legislation." Under Abzug's proposal, however, records that are being used in active criminal prosecution would not be disclosed.

LOBBY REPORT—2
FEDERAL DATA BANKS

Agency	Number of data banks	Number computerized	Number not reporting number of records	Number of records	Agency	Number of data banks	Number computerized	Number not reporting number of records	Number of records
ACTION	6	5	0	351,700	Federal Mediation and Conciliation Service	1	1	0	1,000
Administrative Office of the U.S. Courts	9	9	4	757,000	Federal Power Commission	1	0	0	1,100
Appalachian Regional Commission	3	2	3	0	Federal Reserve Board	1	0	0	1,369
Civil Aeronautics Board	1	1	0	0	Federal Trade Commission	1	1	1	0
Civil Service Commission	13	8	4	18,972,800	General Services Administration	2	1	0	119,000,160
Department of Agriculture	6	5	0	5,539,200	Interstate Commerce Commission	1	0	0	1,750
Department of Commerce	8	8	3	204,165,500	National Aeronautics and Space Administration	1	0	1	26,931
Department of Defense:					National Credit Union Administration	1	0	1	512
Department of the Air Force	73	36	13	18,001,109	National Science Foundation	4	4	1	375,505
Department of the Army	385	382	12	34,467,849	Office of Economic Opportunity	13	13	3	108,360
Department of the Navy	20	12	6	6,154,368	Office of Emergency Preparedness	2	2	0	1,905,000
Miscellaneous Department of Defense offices and agencies	19	13	3	2,626,090	Office of Management and Budget	3	2	0	2,083
Department of Health, Education, and Welfare	61	60	0	402,428,158	Railroad Retirement Board	9	4	5	15,468,000
Department of Housing and Urban Development	27	25	6	9,862,305	Securities and Exchange Commission	6	6	0	679,500
Department of the Interior	1	0	0	79,800	Selective Service System	1	1	0	14,860,811
Department of Justice	19	12	4	139,031,722	Small Business Administration	4	2	0	884,000
Department of Labor	4	3	1	24,000,000	Special Action Officer for Drug Abuse Prevention	1	0	0	23,000
Department of State	2	1	1	243,135	Tennessee Valley Authority	8	7	3	146,150
Department of Transportation	18	17	2	6,194,430	U.S. Atomic Energy Commission	6	6	0	1,088,600
Department of the Treasury	46	38	7	155,571,458	U.S. Commission on Civil Rights	3	1	1	379
Environmental Protection Agency	4	4	0	41,200	U.S. Information Agency	2	2	0	17,698
Equal Employment Opportunity Commission	5	5	0	131,000	U.S. Postal Service	2	2	0	23,000
Farm Credit Administration	3	1	0	2,900	U.S. Tariff Commission	2	2	2	0
Federal Communications Commission	12	12	5	2,253,481	Veterans Administration	29	21	1	72,604,326
Federal Deposit Insurance Corporation	2	0	0	30,000	White House	7	4	0	151,944
					Total	858	741	93	1,245,699,494

Source: Senate Constitutional Rights Subcommittee.

Privacy push

While observers say Watergate is responsible in part for the likely passage of a privacy bill this session, Douglass Lea of the ACLU believes the activities of the White House committee on privacy, the Department of Health, Education and Welfare, the ACLU itself and Goldwater and Ervin, among others in Congress, created a "billiard ball effect" on privacy, keeping the issue rolling in the Senate and House.

Liberals have been drawn to the issue, Lea said, because of their "disillusionment that massive record keeping just hasn't worked out," while conservatives "with breathing time after the social unrest of the last few years, have become aware of the potential of a police state."

Although the privacy issue faces few outspoken critics, "pockets of resistance do surface when you get down to specifics," Lea said, referring to amendments regulating the privacy of school records that were included in the 1974 education bill (HR 69—PL 93-380). The provisions barring federal funds to any educational institution or agency that permitted the release of a student's records without parental consent were an anathema to "education data massagers," Lea said.

FORCES INVOLVED

Major centers of activity on the privacy issue are:

The Domestic Council Committee on Privacy. Established by former President Nixon on Feb. 23, the committee was given responsibility for developing plans to protect an individual's right of privacy.

Under Ford's direction, the committee approved 14 specific proposals July 10 for "immediate action" by federal agencies. Included were initiatives to prohibit military surveillance of civilian political activities, to protect personal bank account records against disclosure to government agents, to safeguard unauthorized disclosure of federal tax returns and build privacy safeguards into federal computers and communications systems.

According to a spokesman for the committee, the panel will review the progress the agencies have made on the proposals at its next meeting this fall.

The committee takes credit for reversing a

Nixon White House order that had given the Department of Agriculture permission to examine farmers' tax records, killing a General Services Administration plan for a new government data bank and winning House acceptance of the 1974 education records' privacy amendments.

The committee also has worked closely with the House Government Operations Subcommittee on Foreign Operations and Government Information in developing the privacy bill (HR 16373) sponsored by the panel's chairman, William S. Moorhead (D Pa.). Staff Director Phillips told the *Wall Street Journal* the White House committee has "probably done as much as anyone to call attention to the dimensions of this issue."

The House Republican Research Committee Task Force on Privacy. Chaired by Rep. Goldwater, the task force Aug. 21 issued a set of legislative recommendations for combating threats to privacy in the following areas: government surveillance, federal information collection, social security numbers, census information, bank secrecy, consumer reporting, school records, juvenile records, arrest records, medical records and computer data banks.

ACLU Privacy Project. Launched two years ago, the project serves as a clearing house and monitoring point on privacy matters, supplying reports and information to others working on the issue, including the White House committee, members of the House and Senate and congressional committees. A monthly *Privacy Report* is published by the project, detailing privacy abuses and actions taken by others to gain public attention on data collection.

The tax-exempt project is supported by foundation and business funds, including grants from the Marshall Field Foundation, IBM and Polaroid. The reason IBM is supporting the ACLU effort, according to Lea, is the corporation's "long range interest to see that confidence in the computer is not eroded."

While other private organizations, including the American Trial Lawyers Association, have taken some initiative on privacy issues, the ACLU is the most active non-governmental group pursuing the privacy cause.

"There are organizations we thought would have lined up with us—Common Cause and Ralph Nader," Lea said. "But they are wary of the issue. They want more disclosure (by government and business), and they seem to think there would be a conflict" by taking an active role on privacy.

The Privacy Project closely observes congressional action on privacy legislation, although the group has refused to take public positions on pending bills because of its tax status. The project, nevertheless, issued a memorandum March 1 outlining six categories of needed privacy legislation, including some 40 separate proposals.

The ACLU suggested that Congress take steps to protect citizens against invasion of their political rights, to protect individuals against abuse of the criminal process, to control wiretapping and computerized data banks and to increase citizens' ability to enforce privacy rights against government and private organizations.

Senator Ervin's forthcoming retirement has distressed the organization, which feels that he "alone has the seniority and influence among his colleagues, the subcommittee chairmanship (Constitutional Rights), the stability of an established political figure and the willingness to take on tough privacy and surveillance issues."

But some civil libertarians, the ACLU noted in its *Privacy Report*, "have sensed in Congress on any privacy issue a lazy 'leave it to Sam' attitude that may be dissipated when Ervin returns to North Carolina." The ACLU believes Ervin's departure may mean that privacy issues will be splintered among several senators with particular interests: Edward M. Kennedy (D. Mass.) on military surveillance, Gale W. McGee (D Wyo.) on federal employee rights, Charles McC. Mathias Jr. (R Md.) on criminal justice, Alan Cranston (D. Calif.) on bank secrecy and Barry M. Goldwater (R Ariz.) on data banks.

Congress' concern

In its Aug. 21 report on privacy, the House Republican Research Committee concluded that the "individual has been physically bypassed in the modern information process" because he is "assumed to waive any and all

interest and control over the information collected about him."

Under most information systems, an individual does not really know who has collected data about him or how many agencies or corporations are using it for what purpose, Rep. Goldwater maintains.

AREA OF CONCERN

Republicans cite Bureau of Census data collection and dissemination practices as one major area of concern.

Under penalty of law, each citizen is forced to divulge intimate personal facts about his public and private life, noted the Republican Privacy Task Force. The Census Bureau then sells parts of its collected data to anyone who wishes to purchase the information.

"As the [census] questions become more detailed and extensive, broad-scale dissemination becomes more threatening and frightening," according to the task force. "When used in combination with phone directories, drivers' licenses and street directories, census data may enable anyone interested to identify an individual."

While the task force points to census practices as a potential area for privacy abuse, Ervin's Constitutional Rights Subcommittee in a 1974 report on "Federal Data Banks and Constitutional Rights" reported the existence of three "peculiar data banks": Secret Service files on persons who make anti-government remarks or embarrassing statements about government officials; a Department of Health, Education and Welfare blacklist of scientists, and an Army computer system involving political surveillance.

BASIC LESSON

According to the committee's report, "There are immense numbers of government data banks, littered with diverse information on just about every citizen in the country." (*Chart, preceding page*)

But it was the committee's difficulty in determining the actual number and extent of data banks in existence that led Ervin to conclude: "The most basic lesson the subcommittee survey teaches is the absolute necessity of replacing this voluntary survey approach with a statutory requirement that all federal data banks be fully and accurately reported to the Congress and the American people."

The information-gathering impulse of the federal government is mirrored by similar developments in the private sector, according to Sen. Percy, a co-sponsor of Ervin's privacy bill (S. 3418).

Credit agencies with their consumer files have proliferated in recent years; educational institutions are beginning the process of computerizing student records; hospital and medical centers are finding computers the answer to much of their record keeping difficulties.

"When such information is stored on tape it is easily transferred from one user to another," Percy said. "The individual has no knowledge of the transfer, and no ability to correct information about himself that could ruin his chances for a new job . . . or be taken as cause for investigation by a law enforcement agency."

Which approach?

The legislative controversy over the impact of federal data banks on individual privacy began in the mid-1960s when proposals to set up a national data bank statistical center were discussed in the executive branch.

Although the idea was abandoned after outcries from the public, press and Congress that the data center would lead the United States directly into "1984," hundreds of bills have been introduced in Congress relating to other personal privacy issues. (In the 93rd Congress through March, 102 House bills on

privacy had been introduced with 207 sponsors; in the Senate, various privacy bills were sponsored by 62 members.)

Most of the pending bills are directed to one aspect of the privacy question: they range from banning the disclosure of Social Security numbers to prohibiting financial institutions from disseminating information on their customers to government agencies. Other bills would restrict existing practices of criminal information systems, ban political surveillance by the Army and control illicit uses of wiretapping.

With the introduction of the Ervin and Moorhead bills, privacy forces feel they have found a satisfactory approach to dealing with the central issue raised by the seemingly disparate pieces of legislation.

The common thread, said Percy, is the individual's right to control how, when and to what extent information about himself is communicated to others.

ERVIN AND MOORHEAD BILLS

Under the Ervin bill, an individual could not be forced to disclose any information not required by law, and he would have to be informed of his right not to disclose. He also would be notified of the existence of any information maintained on him and how the information was used.

In addition, a person would have the right to inspect information pertaining to him and have the right to challenge any information on the basis of its accuracy, completeness or necessity.

The bill also places strict restrictions on the dissemination of information contained in data systems, requiring an agency to request permission from the individual before distributing data about him to those not having regular, authorized access to the information.

But the most controversial part of the measure is the provision establishing a federal privacy board that would have the authority to intercede in the event an agency abuses data information procedures.

The Moorhead bill, on the other hand, which also grants an individual access to his federal records, would depend on self-enforcement by government agencies and, if that failed, by the federal courts.

Federal agencies feel that the federal privacy board plan "would insert a new layer of bureaucracy in their transactions," said Joe Overton, a legislative assistant to Rep. Goldwater. "They are dragging their heels and resisting an invasion on what they see as their traditional prerogatives."

Moorhead's subcommittee staff, Overton added, "believes in privacy, but they are also looking to efficiency in government" which might be affected by privacy board activities.

Staff member Phillips points out that a privacy board would be expensive to set up and "would be open to attack" because of that on the House floor.

"If Congress finds that self-enforcement (by the agencies) is not working, then it can always come back later and say, 'We're going to shove a commission down your throat,'" he added. But the agencies "will take the bill seriously," because there are strong civil and criminal penalties for violations in the measure.

OUTLOOK

The subcommittee rejected the privacy board plan by a 7-2 vote, but the proposal was expected to be offered again during consideration of HR 16373 by the full Government Operations Committee.

Phillips said, however, that he does not expect the amendment to pass and that it probably faces defeat if offered on the House floor. Should the Senate adopt the idea, the issue then would have to be resolved in conference.

The major area of contention on the House bill is the effort by John N. Erlenborn (R Ill.) to prevent federal employees from gaining access to their examination and employment investigation results. An amendment by Erlenborn to provide these exemptions was defeated Sept. 19 by the Government Operations on a 22-11 vote and is not expected to win approval on the House floor. "I just don't know what Ford will do with a privacy bill that doesn't contain the exemptions," said Phillips.

Another potential trouble spot on the privacy legislation is the inclusion of private as well as federal data banks in the Ervin bill. But there is a certain reluctance by privacy forces to become involved in the regulation of private data banks.

According to the White House privacy committee, "Federal example and experience in this complex field should precede federal directives to the non-federal governmental and private sectors."

Douglas Lea of the ACLU agrees. "There is a lack of knowledge in this area. It would be easy to leap into regulating private activity if you're not careful."

And according to Joe Overton, "You don't want to legislate in the private sector until you know what you're dealing with. Information practices widely vary in the private sector. There's less sharing of data. The federal level is different. With these agencies, it's easier to exchange information."

CLIFFORD McINTIRE

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. RHODES. Mr. Speaker, it was with a deep sense of loss that I learned of the untimely death of our former colleague and dear friend, Clifford G. McIntire.

Cliff came from the heartland of Maine—Aroostook County—potato country. He was drawn to the land, studied agronomy at the University of Maine and engaged in farming throughout his life.

After a 4-year stint with the Farm Credit Administration, he became assistant general manager of the Maine Potato Growers at Presque Isle.

He came to the 82d Congress after a special election to fill the vacancy caused by the death of Frank Fellows. For 14 years in the House of Representatives he served Maine and the Nation with dedication and distinction.

After leaving the Hill and until his retirement in December 1963, Cliff worked with the American Farm Bureau. His knowledge of Congress—of farming—and of the legislative problems connected with the law and land, led to his appointment to the President's Task Force on Rural Development, 1969-70; to the Advisory Council of the Public Land Law Review Commission, 1968-70; and to the board of directors of the U.S. Railway Association, for which confirmation was assured, and voted posthumously by the Senate.

Cliff McIntire epitomized the spirit of Maine. He was direct—he spoke sparingly—but tellingly. He truly represented the craggy independence that always has

characterized the Pine Tree State. You knew where Cliff McIntire stood—and why.

Our Nation has suffered a loss in being deprived of his presence and his talents. I join my fellow Members of the House in expressing our appreciation for having Cliff as our colleague—and I extend my condolences to his wife, Wilda, and to his children.

CLIFFORD G. MCINTIRE

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. SIKES. Mr. Speaker, I am honored to join with my colleagues in paying special tribute to our esteemed friend and distinguished former colleague, the late Clifford G. McIntire who recently passed away. Cliff was my good friend and I enjoyed very much working with him during the 10 years he so ably represented central and northern Maine here in the Congress. He was a warm and genuine human being who spent much of his life in the service of his fellow man and his country. Before coming to Washington in 1951, Cliff served as an appraiser, supervisor, and regional manager for the Farm Credit Administration. Subsequently, he held an executive post with the Maine Potato Growers, Inc., of Presque Isle, Maine. These positions made his service on the House Agriculture Committee even more valuable. In 1965, he became director of the American Farm Bureau Federation's Natural Resources Department and later served as the bureau's Director of Legislation. He also served as a member of the President's Task Force on Rural Development and on the Advisory Council of the Public Land Laws Review Commission. President Ford just recently honored Cliff by appointing him to serve as a director of the U.S. Railway Association. To his bereaved family I extend my deepest sympathy and hope that they may find comfort in the knowledge that they are in our thoughts and hearts today, and that Clifford McIntire's good work will live on for many years to come.

DECISIONS UPHOLD FEDERAL ADVISORY COMMITTEE ACT

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Thursday, October 17, 1974

Mr. METCALF. Mr. President, 22 months ago, the Federal Advisory Committee Act took effect. That law provides, among other things, that: First, a system be created to provide an orderly accounting and management of Federal advisory committees; second, the public shall be allowed to view this type of governmental decisionmaking; and third, timely notice

be given to the public that these meetings will be held.

Generally, agencies are complying with the provisions of the act. In addition, the very small staff within the Office of Management and Budget assigned to oversee these advisory committees are valiantly attempting to comply with the act.

Fortunately, where the agencies have failed to interpret the act correctly, the courts have not. I have previously submitted statements for the RECORD concerning court decisions relating to the interpretation of the Freedom of Information Act, an integral part of the Federal Advisory Committee Act. (CONGRESSIONAL RECORD, vol. 119, pt. 29, p. 37742 and CONGRESSIONAL RECORD, July 25, 1974, p. 25350.) Another decision was inserted in the RECORD by Congressman OBEY (CONGRESSIONAL RECORD, vol. 119, pt. 26, p. 34444.) Last February, the Subcommittee on Budgeting, Management, and Expenditures conducted oversight hearings and investigations into the operation and effectiveness of the Federal Advisory Committee Act. Papers relating to several lawsuits concerning the Federal Advisory Committee Act were also printed in that hearing record.

Recently two more decisions relating to the act have been handed down, bringing the total favorable decisions to six. Judge Bryant, in the District Court of the District of Columbia, held that—

(a) exemption 5 of the Freedom of Information Act—inter-agency and intra-agency memoranda—is inapplicable to advisory committees and cannot be used as a basis for closing meetings; and

(b) timely notice of advisory committees is defined to be at least thirty days before any advisory committee meeting (except under emergency situations).

District of Columbia Circuit Court Judge McGowan held that an advisory committee is not an agency, and as such, cannot use exemption 5 of the Freedom of Information Act as a basis for withholding certain National Institutes of Health peer review information from the public.

Mr. President, I ask unanimous consent that these two decisions be printed in the RECORD.

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

[United States District Court for the District of Columbia]

(Civil Action No. 1838-73)

ORDER

Aviation Consumer Action Project, et al., Plaintiffs, versus C. Langhorne Washburn, et al., Defendants.

Upon consideration of the plaintiffs' motion for summary judgment, the pleadings, the exhibits and affidavits submitted to the Court, and the arguments of counsel, it appears that there is no genuine issue of material fact, and that the plaintiffs are entitled to judgment as a matter of law. Accordingly, it is by the Court this 6th day of September, 1974.

Ordered and adjudged as follows:

(1) Plaintiffs' motion for summary judgment be and hereby is granted;

(2) Exemption Five of the Freedom of Information Act, 5 U.S.C. § 552(b) (5), pertain-

ing to inter-agency and intra-agency memorandums and letters, is inapplicable and cannot be invoked by defendants or their agents or employees as to documents which have been voluntarily disclosed by the agency to members of an advisory committee who are not full-time officers or employees of the Federal government;

(3) Exemption Five of the Freedom of Information Act, 5 U.S.C. § 552(b) (5), is inapplicable and cannot be invoked by the defendants or their agents or employees as a basis for closing any meeting of the Travel Advisory Board or any other advisory committee from the public, or for excluding the plaintiffs or any other interested persons from any such meeting;

(4) The defendants and their agents and employees are hereby enjoined from excluding plaintiffs or other interested persons from any meeting of the TAB or other advisory committees, or from any portions thereof, unless a lawful written determination has been made in advance of the meeting by the Secretary of Commerce or his duly authorized agent setting forth the reasons why the meeting or portion thereof is required to be closed, in accordance with Section 10(d) of the Federal Advisory Committee Act, and such determination has been included in a timely notice of the meeting published in the Federal Register;

(5) Except for emergency meetings, the requirement of Section 10(a) (2) of the Federal Advisory Committee Act, that timely advance public notice be given by defendants of each meeting of the TAB or any of their other advisory committees, is not met by any notice not published at least thirty (30) days in advance of the meeting;

(6) The defendants shall keep a verbatim transcript of each meeting of the TAB, shall maintain a complete and accurate record of the persons present at any such meeting and copies of all reports received, issued, or approved by the advisory committee;

(7) The defendants shall maintain in the Central Reference and Records Inspection Facility in the Department of Commerce headquarters and shall make available upon request for public inspection and copying, in accordance with Section 10(b) of the Federal Advisory Committee Act, all records, reports, transcripts, minutes, appendices, working papers, drafts, studies, agenda or other documents (including all correspondence) which were made available to or prepared for or by the TAB;

(8) The defendants and their agents and employees shall issue a report at least annually setting forth the circumstances under which any meeting of the TAB is closed to the public and an accurate summary of its activities in any such closed sessions, in accordance with Section 10(d) of the Federal Advisory Committee Act, and within thirty (30) days of the date hereof the defendants shall prepare and file in the Central Reference and Records Inspection Facility of the Department of Commerce a report setting forth a detailed description of all matters discussed and conclusions reached during the portion of the June 19, 1973 meeting of the TAB from which the public was excluded.

WILLIAM B. BRYANT,
U.S. District Judge.

[United States Court of Appeals for the District of Columbia Circuit—No. 74-1027]

APPEAL FROM THE U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Washington Research Project, Inc. v. Department of Health, Education, and Welfare, et al., appellants.

(Decided September 12, 1974)

David M. Cohen, Attorney, Department of Justice, with whom Irving Jaffe, Acting Assistant Attorney General, Earl J. Siefert,

United States Attorney, and Leonard Schattman, Attorney, Department of Justice, were on the brief, for appellants. John A. Terry and Michael J. Ryan, Assistant United States Attorneys, also entered appearances for appellants.

Michael B. Trister for appellee.

Bruce R. Hopkins and Robert O. Tyler filed a brief on behalf of the Association of American Medical Colleges as *amicus curiae* urging reversal.

Before MCGOWAN and ROBB, Circuit Judges, and STANLEY A. WEIGEL,* United States District Judge for the Northern District of California.

Opinion for the Court filed by Circuit Judge MCGOWAN.

MCGOWAN, Circuit Judge: Appellee brought this action in the District Court to compel disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, of certain information pertaining to eleven specifically identified research projects that had been approved and funded by the National Institute of Mental Health (NIMH), a unit of the Public Health Service of the Department of Health, Education, and Welfare (HEW). The eleven projects all involve research into the comparative effects of various psychotropic drugs on the behavior of children with certain learning disabilities. After *in camera* inspection of sample documents, the District Court ordered disclosure of all of the information sought, except that it contemplated that certain deletions might conceivably be made in respect of statements of opinion about the qualifications and competence of applicants for grants. The court further ordered the agency to amend its application instructions and regulations to conform with its decision, 366 F. Supp. 929. For the reasons hereinafter appearing, we affirm in part and reverse in part.

I

The information in dispute is contained in three types of documents:

1. *The Grant Application.*

The initial grant application, among other things, identifies the research applicant, any research organization with which he may be affiliated, his qualifications and experience, the budget estimates, and the research protocol or design. Subsequent to the approval of the initial grant application, there may be filed continuation applications, renewal applications, and supplemental applications. Projects are approved for a specific "project period" that may extend over several years, 42 C.F.R. § 52.2(b), but a continuation application must be filed each year to report progress to date and justify support for the coming year. *Id.* § 52.14(d). Renewal applications are required for periods beyond the originally scheduled project period, while supplemental applications are required for additional grants awarded because the amount previously awarded proves inadequate to carry out the project properly. *Id.*

2. *The Site Visit Report.*

Outside consultants, engaged by HEW to review the grant application, frequently visit the location at which the research is proposed to be done, and thereafter prepare a report on their observations.

3. *The Summary Statement ("pink sheet").*

When the outside consultants have completed their work, an NIMH staff member assigned to them prepares a summary of their observations and deliberations and reports their recommendations. This statement will draw upon the site visit reports, if any.

The process by which applications are processed by NIMH and HEW, an understanding of which is necessary to appraise the significance of each type of document for FOIA

purposes, is set out in considerable detail in the opinion of the District Court. Accordingly, we begin with only a brief recapitulation of how the process works.

Research of the type sponsored by NIMH is often of a highly sophisticated and specialized nature. In order to assure competent evaluation of each proposal, a system of so-called "peer review" has been established, using the expertise of nongovernmental consultants functioning in panels organized around particular specialized disciplines within the broader field of biomedicine. These panels, called "initial review groups" (IRGs), consist of from ten to twenty members, only one of whom, the Executive Secretary, is an NIMH employee.

Applications for NIMH research support are referred by the Executive Secretary to one member of the IRG as "primary assignee," and one or more other members with secondary responsibility. These assignees undertake to evaluate the application and gather such additional information as may be necessary to that task. This may involve a "site visit" to the facility at which the applicant proposes to conduct his research. A site visit may be made, for example, in order to observe an experimental technique to be used in the proposed research.

An evaluation of each application, and a site visit report where applicable, are written by the assignee group and circulated to the whole IRG, together with the application, prior to its next meeting. (IRGs meet three times a year.) The application is discussed at length and a recommendation voted. If approval is recommended, it is also given a relative priority rating since the cost of all proposals deemed worthy of funding may exceed the funds available.

Following the IRG meeting, the Executive Secretary prepares a Summary Statement for each application acted upon. The Summary Statement describes the proposal and recounts the substantive considerations that led the IRG to recommend approval or disapproval. It contains an opinion of the professional qualifications of the sponsor and an evaluation of his competence and facilities. The IRG's evaluation of the risk to human subjects, if any, is included, as is also a reference to the site visit report, if there is one. If there is a minority of two or more, the minority's view is also summarized, without attribution by name. The Executive Secretary may add a "Note" in order to clarify any matter not resolved by the IRG, call attention to factors other than scientific merit, including policy considerations, or incorporate information obtained subsequent to the IRG meeting at which the application was considered.

Each application and the corresponding pink sheet is submitted to the National Advisory Mental Health Council (NAMHC),² which was established to "advise, consult with, and make recommendations to" the Secretary on Public Health Service activities in the field of mental health, 42 U.S.C. § 218 (c). The NAMHC is composed of three officials—the Assistant Secretary for Health, the chief medical officer of the Veterans Administration, and a medical officer designated by the Secretary of Defense—and twelve private citizens appointed by the Secretary on the basis of their qualifications in science, medicine, and/or public affairs. 42 U.S.C. § 218(a).

The NAMHC may approve, disapprove, defer consideration of, or require additional IRG consideration of, any application. On occasion it does reject an IRG's recommendation of approval or disapproval,³ but ordinarily, instead of passing upon the scientific merits of each application, it gives primary

attention to policy direction and emphasis, generally acting on applications in subject matter groups. Applicants are notified of the outcome, but only about 90% of those receiving approval are actually funded by NIMH, to which the Secretary has delegated this function, due to limitations on funds. There is some ambiguity as to whether funding is determined solely on the basis of the ratings given by the IRGs and NAMHC, but the ratings may be presumed to be very influential in the funding decision.⁴

Each month NIMH makes public a list of all research grants awarded during the preceding month, including a general description of the project and its budget, and releases final progress reports received, except that release may be delayed up to six months pending publication by the researcher in a scholarly journal. The research design, proposed methods, and specific aims of a project are not made public, nor are the names or proposals of any applicants whose applications are disapproved.

II

The Freedom of Information Act requires disclosure, upon request, of the final opinions and identifiable records of each agency of the government, unless, in the case of the latter, they come within one of the nine specific exemptions in the Act. The burden of proof is on the agency opposing disclosure, and the exemptions therefrom are narrowly to be construed. The government relies upon three separate exemptions to justify non-disclosure of the various types of information here sought, as follows:

1. Exemption 4, for trade secrets and commercial or financial information received in confidence, is invoked to cover the research designs submitted in applications and described in the Summary Statements, site visit reports, and progress reports.

2. Exemption 5, for inter-agency or intra-agency memoranda that would not be subject to discovery in litigation, is said to cover the Summary Statements and site visit reports in their entirety, except insofar as purely factual information is involved.⁵

3. Exemption 6, which applies to personnel, medical, and "similar" files the disclosure of which would be a clearly unwarranted invasion of personal privacy, is raised with respect to statements of opinion in the Summary Statements and site visit reports as to the professional qualifications and competence of applicants who received grants.

A. Exemption 4.

The essence of the argument that the research designs submitted in the expectation of confidentiality are trade secrets or commercial information is that "ideas are a researcher's 'stock-in-trade.'" Their misappropriation, which, it is claimed, would be facilitated by premature disclosure, deprives him of the career advancement and attendant material rewards in which the academic and scientific market deals, in much the same way that misappropriation of trade information in the commercial world deprives one of a competitive advantage. Indeed, the government has been at some pains to argue that biomedical researchers are really a mean-spirited lot who pursue self-interest as ruthlessly as the Barbary pirates did in their own chosen field. Whether this is the sad truth, or whether, as appellee suggests, "secrecy is antithetical to the philosophical values of science," is not, however, an issue in this case; the reach of the exemption for "trade secrets or commercial or financial information" is not necessarily coextensive with the existence of competition in any form.

It is clear enough that a non-commercial scientist's research design is not literally a trade secret or item of commercial information, for it defies common sense to pretend

*Sitting by designation pursuant to Title 28 U.S. Code Section 292(d).

Footnotes at end of article.

that the scientist is engaged in trade or commerce.⁸ This is not to say that the scientist may not have a preference for or an interest in nondisclosure of this research design, but only that it is not a trade or commercial interest.⁷ To the extent that his interest is founded on professional recognition and reward, it is surely more the interest of an employee than of an enterprise, and we are far from persuaded that Congress intended in Example 4 to apply terms drawn from the business context to the employment market.⁸ We cannot, consistent with the Act's recognized mandate to construe exemptions narrowly, see *Vaughn v. Rosen*, 484 F.2d 820, 823 (D.C. Cir. 1973), cert. denied, 42 U.S.L.W. 3523 (March 18, 1974); *Getman v. NLRB*, 450 F.2d 670, 672 (D.C. Cir.), stay denied, 404 U.S. 1204 (1971), extend them by analogies that lead so far away from the plain meaning of Exemption 4. Consequently, we hold that research designs submitted in grant applications are not exempt from disclosure under the Act. This holding extends to all types of applications—initial, continuation, supplemental, and renewal—and to progress reports made by grantees as part of the last three kinds of applications.

B. Exemption 5.

The applicability of Exemption 5 to the site visit reports made by members of the IRG, and to the Summary Statement written by the Executive Secretary to report on the IRG's recommendation to the NAMHC, turns on whether the IRG is an "agency" under the Administrative Procedure Act, of which the FOIA is a part. If the IRG is indeed an agency, then appellee's position that the Summary Statements and accompany site visit reports constitute its final opinions, which must be made available, 5 U.S.C. § 552 (a) (2) (A), is not without force. If, on the other hand, the IRG is not an agency but merely a unit within another agency, then these documents are identifiable records in the hands of that agency and it is our task to determine whether they are exempt from disclosure as intra-agency memoranda.

1. The IRG as an agency *vel non*.

The APA defines the term "agency" to mean "each authority of the Government of the United States, whether or not it is within or subject to review by another agency," with certain specific exceptions not applicable in this case. 5 U.S.C. § 551(1). The generality of this definition has required the commentators that have dealt with it to attempt an elaboration along more functional lines than the phrase "each authority" conveys,⁹ but recent cases have made it clear that any general definition can be of only limited utility to a court confronted with one of the myriad organizational arrangements for getting the business of the government done. See *Grumman Aircraft Engineering Corp. v. Renegotiation Board*, 482 F.2d 710 (1973) (Regional Boards) (hereinafter *Grumman II*), cert. granted, 42 U.S.L.W. 3645 (May 28, 1974); *Soucie v. David*, 449 F.2d 1067 (D.C. Cir. 1970) (Office of Science and Technology); *International Paper Co. v. FPC*, 438 F.2d 1349 (2d Cir. 1971) (Staff of FPC); *Larche v. Hannah*, 175 F.Supp. 791 (W.D. La. 1959) (Civil Rights Commission), *rev'd on other grounds*, 363 U.S. 420 (1960). The unavoidable fact is that each new arrangement must be examined anew and in its own context.

Congress has authorized the Secretary of HEW to make only such mental health and medical research grants "as are recommended" by the various National Advisory Councils, in this case the NAMHC, 42 U.S.C. § 241(d), (1), that it established, 42 U.S.C. § 218.¹⁰ It also, however, authorized the Secretary to "appoint such advisory committees (in addition to those authorized to be estab-

lished under other provisions of law) . . . as he deems desirable for the purpose of advising him in connection with any of his functions," 42 U.S.C. § 217a(a), and to compensate nongovernmental members thereof. *Id.* at § 217a(b).¹¹

The authority to establish advisory committees by administrative action was first exercised in the period after World War II, when the vast expansion of supported biomedical research made it "impractical to encompass in a council membership the expertise in all the numerous disciplines, fields, specialties, and areas represented in biomedical research proposals. . . . To overcome these deficiencies, initial review groups were established to assist the councils." S. REP. NO. 93-381, 93d Cong., 1st Sess. 38 (1973). In 1968, when NIMH was established as a distinct part of HEW, this system was carried over with the creation of the NAMHC, and the Institute's decision to create the IRGs. *Hearings*, *supra* note 4, at 3620-21. The NIMH dual review process remains, however, "less formal" than that of the NIH: "IRGs are established or phased out as required by the size and nature of the grant review workload. . . ." S. REP. NO. 93-381, *supra*, at 38. Ad hoc IRGs are formed to advise on particular applications "not within the competence" of any then-standing group. NIMH Handbook, *supra* note 2, at 9.

Under the prior decisions of this court, we think the IRGs are advisory committees, performing staff functions through the medium of outside consultancy, and are not agencies. The considerations raised in *Soucie v. David*, *supra*, and *Grumman II*, *supra*, point unmistakably to this conclusion, which comports with our present impression of how this question should be handled. *Soucie* involved the status of the Office of Science and Technology, which, in addition to advising and assisting the President in coordinating federal policy for science and technology, was also authorized, as we emphasized, independently to evaluate federal programs.¹² It was created by an executive reorganization plan submitted to Congress and "explicitly considered" by the House. *Id.* at 1074. Congress approved the plan with the understanding that it was "delegating [to OST] some of its own broad power of inquiry in order to improve the information on federal scientific programs available to the legislature." *Id.* at 1075. It "clearly contemplated," as did the Executive, "that the OST would function as a distinct entity and not merely as part of the President's staff."¹³ Finally, we noted that since the OST had published FOIA regulations, it had apparently considered itself, prior to the litigation, to be an agency subject to the APA—a consideration of some weight. *Udall v. Tallman*, 380 U.S. 1, 16 (1965). All of these factors taken together led to the determination that OST exercised "substantial independent authority," and to the conclusion that it was an agency subject to the Freedom of Information Act.

Some of the same factors considered in *Soucie* were present in *Grumman II*, which dealt with the status of the Regional Boards established by the Renegotiation Board. The Regional Boards' exercise of formal decision making power delegated from the National Board was found to be "within Congress' [sic] contemplation when it established the Renegotiation Board apparatus." Indeed, the statutory authorization there at issue was expressly that of delegating functions "to any agency of the Government, including any such agency established by the Board." 50 U.S.C. App. § 1217(d) (emphasis added). Further, the National Board had promulgated FOIA regulations for disclosure of some Regional Board documents, again indicating its own view, prior to litigation, that they were agencies subject to the FOIA. Fur-

thermore, the Regional Boards fell squarely within the analytic definition supplied by Professor Freedman, whose consideration of this question is the fullest and most discerning, namely, they were the body in which "substantial 'powers to act' with respect to individuals [were] vested." Freedman, *supra* note 9, at 9. They had their own staffs to investigate and negotiate with contractors, and their "recommendation is communicated openly to the contractor prior to any assumption of jurisdiction by the National Board." 482 F.2d at 715. They were, in short, the agency with which an affected member of the public dealt, and from whose decision appeal might lie, depending upon the amount in controversy.

The contrast between the agencies involved in *Soucie* and *Grumman II*, on the one hand, and the IRGs, on the other, could not be greater. Unlike the OST, the IRGs do confine themselves to making recommendations; authority to make grants is vested in the Secretary, and authority to recommend doing so lies with the NAMHC. The IRGs act as consultants to the NAMHC; their members are strictly forbidden from communicating their group's recommendations to applicants. NIMH Handbook, *supra* note 2, at 30. Applicable regulations and administrative rules within NIMH and HEW have consistently reflected the view that the IRGs are not subject to the FOIA, see *id.*: 45 C.F.R. §§ 5.72(b), 5.73(a); and the authority under which they are appointed gives no hint of a congressional expectation that NAMHC's delegation of the initial review function would somehow make either more or less information available to the legislature or the public.

Clearly, the work now done by IRGs could again be done by the NAMHC if it sat continuously instead of meeting three times a year for about two days each time. Employing consultants to improve the quality of the work that is done cannot elevate the consultants to the status of the agency for which they work unless they become the functional equivalent of the agency, making its decisions for it. There is no doubt in this instance that the usually perfunctory review the NAMHC gives to a particular application—as opposed to the group of which it is a part—makes the IRGs' recommendations an often crucial element in the approval process. But, just as the APA makes the fact that a government authority's decisions are subject to review irrelevant in determining whether that authority is an agency, at least in this case the degree of scrutiny its decisions are given on review is equally beside the point.

The important consideration is whether it has any authority in law to make decisions. The IRGs have not; their favor is not necessary because the law empowers the Secretary to make grant awards if (and only if) the NAMHC so recommends. The fact that the NAMHC may be greatly influenced by the IRG's expert view does not make the IRG an agency. See *International Paper Co. v. FPC*, 438 F.2d 1349, 1359 (2d Cir. 1971). In *Soucie* this court did not consider whether the President generally accepted the advice of OST. In that case and in *Grumman II* we looked to the functions that OST and the Regional Boards respectively were empowered by law to perform. The alternative would inevitably involve the courts in determining the care with which the decisional officers of government agencies supervise their staffs, in order to determine whether in fact the staff is not the stand-in for the officer or agency—its recommendations his decisions—and whether it ought not therefore in law to be held accountable as the agency. This we cannot do. *Morgan v. United States*, 304 U.S. 1, 18 (1938); *United States v. Morgan*, 313 U.S. 409, 422 (1941).

Footnotes at end of article.

That is not to say that a staff recommendation may never achieve the dignity of an agency's final decision; it may do so when the agency adopts it as its own, and at that point its disclosure can be required. *American Mail Line, Ltd. v. Gulick*, 411 F.2d 696 (D.C. Cir. 1969) is a case in point. There the question was "whether an administrative agency [the Maritime Subsidy Board] may take affirmative action against a private party by means of a decision in which it states that the only basis for such action is a certain specified [staff] memorandum and then refuse to disclose the memorandum to the party affected by the action." While the question was answered in the negative, the reason was that the agency had made the memorandum the express and only basis for its decision and not that it had made the staff into the "agency." In the present case, however, leaving aside the problem of whether even the denial of a grant award is "affirmative action" against an applicant, the reasoning of the IRG is not the "only basis" for the Secretary's decision. The Executive Secretary's Note and the NAMHC's policy choices, and in some instances the latter's particularized scrutiny, intervene.¹⁴ Cf. *Sterling Drug, Inc. v. FTC*, 450 F.2d 693, 706 (D.C. Cir. 1971). We hold, therefore, that the IRG is not itself an agency under the APA nor, consequently, subject to the strictures of the FOIA.¹⁵

2. Application of Exemption 5.

Having decided that the IRG is not an agency, nor its Summary Statements and site visit reports the final decisions of an agency, it becomes necessary to determine just how much of the disputed information in these intra-agency documents is exempt from disclosure. Exemption 5 applies only to matters, "which would not be available by law to a party other than an agency in litigation with the agency." While there are often problems in determining the precise scope of the exemption without the benefit of actual litigation the nature of which informs the breadth of discovery, see *Environmental Protection Agency v. Mink*, 410 U.S. 73, 86 (1973), its application in this case is relatively uncomplicated. As a general proposition Exemption 5 does not shield from disclosure "purely factual, investigative matters," as opposed to "materials reflecting deliberative or policy-making processes." *Id.* at 89. Even purely factual matter may be exempt, however, if it is inextricable without compromise of the deliberative process, *id.* at 91, and so too may be "a summary of factual material [that] is part of the deliberative process," even though the facts themselves are elsewhere on the public record. *Montrose Chemical Corp. v. Train*, 491 F.2d 63 (D.C. Cir. 1974).

In order to apply these propositions to the facts at bar, the contents of the Summary Statements and site visit reports need further elaboration at this point. We take as our texts appellee's Exhibit 1, the NIMH Handbook, *supra* note 2, at 33-36, documents as illustrated by the sample submitted to the court. The Summary Statements begin with (1) a concise resume, "no more than six or seven sentences," of the proposed project, its review by the IRG, and the reasons for the IRG's recommendation, including the contrary reasons offered by a minority.¹⁶ There follows (2) a "brief description of the proposal," its "aims, methodology, and, for renewal, supplemental and revised proposals, the background or history." The next and "most critical" section is the IRG's critique (3) which discusses "the strengths and weaknesses of various aspects of the proposal in detail."¹⁷ The "background and competence" of the applicant and his associates (4) are

discussed, as are (5) "any special aspects of the facilities and equipment and the extent of departmental and interdepartmental cooperation" at the applicant's institution. The proposed project budget is then analyzed with reference to its adequacy, justification, and projected duration (6). Supplemental requests are related to previously approved amounts.¹⁸ To all of this may be appended (7) the Executive Secretary's Note, described *supra* at p. 5, (8) the minority report of two or more dissenting members, and (9) a summary of any site visit report.

The site visit report itself contains, in addition to purely identifying material, such as application number, date, and persons seen, (10) evaluations of the proposal, the investigator, and his staff, (11) sections on the facilities and other support available at the institution and (12) the budget, and (13) "other comments." Because of the substantial overlap necessary between the site visit report and Summary Statements, site visitors are advised to follow the format for the latter document "since the site visit report, if accepted by the [IRG] can serve as a basis for the Summary Statement." NIMH Handbook, at 46.

From this mere recitation it is clear that most of the matters called for in the site report and Summary Statement for each application are evaluative, and call into play the policy of protecting the deliberate process, at which Exemption 5 is directed. See *EPA v. Mink, supra*; *Soucie v. David, supra*. Indeed, the only matters that are even arguably subject to compelled disclosure are the Summary Statements' (2) description of the proposal, its aims and methodology, and any factual matter contained in (9) the summary of the site visit report. In the site visit report itself, only (11) the statement of facilities, and (12) the budget, merit comment.

Of these four items, the two (2 and 9) in the Summary Statement are abstracts of other information—either the site visit report or portions of the underlying application. As such we think them covered by the reasoning of *Montrose Chemical, supra*. That case involved application of Exemption 5 to summaries, made by agency staff attorneys, of evidence developed at a public hearing. The summaries were prepared for and submitted to the Administrator of the Environmental Protection Agency "to assist [him] in his study of the record" on the basis of which he was obliged to make a decision. This court held the summaries exempt as an integral part of the deliberative process. Sensitive to the necessity of attaching varying degrees of significance to different facts in the course of epitomizing the record, we said:

"Even if they cited portions of the evidence verbatim, the assistants were making an evaluation of the relative significance of the facts recited in the record; separating the pertinent from the impertinent is a judgmental process, sometimes of the highest order; no one can make a selection of evidence without exercising some kind of judgment, unless he is simply making a random selection." 491 F.2d at 68.

No significant difference distinguishes the present case from *Montrose Chemical*. The research design and description of methodology in the application submitted for *in camera* inspection covers fifteen, single-spaced typewritten pages; their description in the Summary Statement is one page in length.¹⁹ In the *Montrose Chemical* paradigm, the judgmental element arises through the necessity to select and emphasize certain facts at the expense of others. In the instant case, where the whole proposal must be described at least in general, various aspects of it are described in greater detail than others. In virtually every sentence the author must operate at a level of specificity that

reflects his personal perspective on the material being summarized.

An example may be taken from the Summary Statement before us without compromising any information for which exemption is claimed. In the course of describing a proposal for evaluating the relative efficacy of a number of drugs in the treatment of hyperkinetic children, the following statement appears: "The assessment battery consists of a number of rating scales, and various cognitive and performance measures." Significantly, however, while the various performance and cognitive tests are then enumerated, the rating scales are neither identified nor described, but are said only to have provided sensitive in prior, unspecified studies. This difference of treatment may well reflect no more than the greater ease with which named tests can be referenced than rating scales described. It may, on the other hand, reflect the view that certain well-known tests have a definite reputation for reliability, and that rating scales are only so much surplusage. A different group of reviewers with a different set of views might well have elaborated on the rating scales' utility and never specified the cognitive and performance tests proposed. What the effect of such a choice might be on the proposal's prospects we need not guess. The point is simply that choices are and must be made by someone or some group with a unique perspective, and decisions may be based on them. Accordingly, the two items under discussion must also be held exempt from disclosure.²⁰

The NIMH Handbook alone does not indicate whether the two items in the site visit report—(11) the facilities and (12) budget references—are meant to be narrative or analytic. The representative site visit report submitted to the District Court, which is of controlling significance,²¹ suggests the latter, however, at least with respect to budgetary considerations. The short section on the budget relates the amount requested to the site visitors' analysis of the amount needed, and suggests for IRG consideration a possible economizing step. As such, it is clearly a part of the deliberative process and exempt from compelled disclosure. But this particular report makes no reference to the matter of facilities, neither describing nor rendering an opinion on the adequacy of the facilities available to the grant applicant.²² The entire document, however, other than the opening paragraphs which describe the proposal and for which no claim of exemption is made, is an expression of the visitors' opinions and not a recitation of facts. This suggests that facilities references, if any, in the site visit reports for other of the applications sought by appellee would be of the same nature. In light of the parties' agreement, *supra* note 21, however, we need not choose between reliance on this speculation, with its potential effect of relieving the agency of its statutory burden of proof, and *in camera* inspection of all the site visit reports in suit. Finding no matter of the type sought in the controlling document, there is no relief respecting item (12) to which appellee can lay claim.²³

III

Appellant challenges the District Court's jurisdiction to order the agency to amend its regulations to conform with the court's opinion. The FOIA, it is contended, "grants jurisdiction to the district courts only to review agency denials of requests for specific documents and to enjoin withholding of those documents" from the person who made the request. That is of course true insofar as it goes, but is not responsive to whether the court may not draw on powers apart from, and unbridged by, the FOIA in order to give complete relief where it is due. "With the express vesting of equitable jurisdiction in the District Court by § 552(a), there is

Footnotes at end of article.

little to suggest, despite the Act's primary purpose, that Congress sought to limit the inherent powers of an equity court." *Renegotiation Board v. Bannerkraft Clothing Co.*, 415 U.S. 1 (1974) (dictum).

One can imagine circumstances, such as its actions to the known requirements of the Act in order to deter requests for information where an agency simply refuses to conform with repetitive litigation, that would tempt a court to use any or all of "the usual weapons in the arsenal of equity." *Bannerkraft Clothing Co. v. Renegotiation Board*, 466 F.2d 345, 354 (1972), *rev'd on other grounds*, 415 U.S. 1 (1974). In the case at bar, however, it is unnecessary to decide whether the District Court would be so empowered.

Appellee initiated the process, culminating in this action by a letter requesting access to documents relating to eleven specifically identified research grants. When the request had been denied in part and administrative appeal exhausted, appellee filed a complaint the prayer of which requested that the court declare the plaintiff's right to disclosure of the disputed records and order their disclosure, and "[t]hat this Court declare invalid under the Freedom of Information Act the regulations issued by [HEW] which exempt from public disclosure all research protocols and all proposed grant applications." J.A. 6. In its opinion the District Court merely suggested that "[a]t a minimum, the defendants should promptly modify existing regulations and grant application instructions to bring them into conformity with the decision of this Court," but its order elevated this suggestion into an injunctive obligation presumably enforceable in the same manner as any injunction, namely, by contempt.

The FOIA requires each agency to make information, not exempt by the terms of the Act, available "in accordance with published rules." From this may readily be inferred an obligation to publish rules that accurately reflect the agency's substantive obligations under the Act, and rules that fail to do so are of no force when "any person" seeks access to information not exempt from disclosure under the Act. Preempting the very real question of whether a single request for documents creates a continuing case or controversy²⁴ sufficient to support an order to amend regulations of only speculative future effect on an FOIA plaintiff, there is no warrant in the record of this case for anticipating that HEW would not proceed in good faith to incorporate the substance of a final court decision into its rules and practices.

The District Court was sensitive to the public interest that the FOIA, "to the extent practical, be self-operative to assure prompt disclosure." It was equally aware of the necessity "that grant applicants be placed on notice that information submitted pursuant to an application for NIMH grant funds" is subject to public disclosure. We, of course, share the court's concern, but are without sufficient reason to doubt that appellant does also. Considerations of interbranch comity impel us to withhold coercive orders that are not demonstrably necessary. Cf. *Nixon v. Sirica*, 487 F.2d 700, 712 (D.C. Cir. 1973).

What we have held hereinabove is that the eleven initial grant applications involved in this case (all of which had been approved by HEW), together with any continuation, renewal, or supplemental applications incident thereto (either approved or pending), are not exempt from disclosure under the Freedom of Information Act. Contrarily, we have held that site visit reports and summary statements are exempt under Exemption 5. The impact of this latter holding is limited in this case by the fact that HEW has volun-

tarily disclosed the purely factual matter contained therein, in an apparent recognition that such matters do not come within the purposes of the exemption. Lastly, we have found, in the circumstances of this record, an inappropriate exercise of equity jurisdiction in the District Court's injunctive command that HEW conform its regulations to the court's mandate.

The judgment of the District Court is, accordingly, affirmed in part and reversed in part; and the case is remanded for the entry of a decree consistent herewith.

It is so ordered.

FOOTNOTES

¹ We consider that continuation, renewal, and supplemental applications are all incident to the initial application; and we see no reason to distinguish between them for purposes of their availability to disclosure under FOIA.

² The District Court stated that "the Council members do not receive individual grant applications. Their decision is based solely on the review group Summary Statements," 366 F.Supp. at 934. The NIMH Handbook for Initial Review Staff states, however, that the NAMHC "reviews each application and its accompanying Summary Statement." P. 38. This publication was in the record before the District Court as Plaintiff's Exhibit No. 1. The only contradictory indication seems to be a statement in the deposition of Dr. R. S. Lipman, Chief of the Clinical Studies Section, Psychopharmacology Research Branch, NIMH. Dr. Lipman was Acting Executive Secretary at the time of his deposition, and was familiar with the operation of the IRGs but not with that of the NAMHC. When asked whether the latter group acted solely with the Summary Statements before it, he replied (p. 102):

A. I believe, and I am really talking off the top of my head, I believe they have all of the pink sheets and then they can have made available to them any particular grant [application] that they have a particular question about.

The best evidence of what the practice is would appear to be the official publication on which both parties have relied extensively and the accuracy of which neither has questioned in any particular.

³ Instances are related in HOUSE COMM. ON GOVERNMENT OPERATIONS, THE ADMINISTRATION OF RESEARCH GRANTS IN THE PUBLIC HEALTH SERVICE, H. REP. NO. 800, 90th Cong., 1st Sess. 62 (1967).

⁴ The District Court stated that "[g]eneral priorities for funding are determined by the Director of NIMH, with the advice of the [NAMHC]," and no further elaboration is possible on the basis of this record. See Def. Exh. No. 2, *U.S. Government Information Policies and Practices—Public Access to Information from Executive Branch Advisory Groups, Hearings Before a Subcomm. of the House Comm. on Government Operations*, 92d Cong., 2d Sess., pt. 9, at 3619 (1972) (Statement of Dr. John F. Sherman, Deputy Dir., NIH). The finding that "[w]ithin these general priorities [approval] is in the order of numerical priority set by the [IRG]" is very likely correct, however, since often nobody other than the IRG will examine the scientific merit of a particular application.

⁵ The purely factual information in these documents has been released by NIMH voluntarily.

⁶ Public Health Service regulations provide that "[a]ny corporation, institution, agency or other such person, other than an individual, that is organized or operated for profit" is ineligible to receive a grant award. 42 C.F.R. § 52.11(a)(2). Only an individual grantee engaged in profit-oriented research, or a non-profit organization that engages in profitmaking ventures based on biomedical

research, could conceivably be shown to have a commercial or trade interest in his research design. For the eleven grantees whose protocols are sought in this case, however, their institutional affiliations with colleges and universities (7), research institutes (2), hospitals and state agencies (1 each), make this possibility extremely remote. In addition it is established by an uncontroverted allegation in the complaint that "[n]one of the grants is concerned with the production or marketing of the drugs being tested." ¶ 9, JA 5. This does not absolutely preclude the possibility of commercial activity, but in any event, the burden of showing the trade or commercial character of the research design information was on the agency, and since it did not introduce a single fact relating to the commercial character of any specific research project, it can hardly have carried its burden on this point.

⁷ See note 6, *supra*.

⁸ See Restatement of Torts § 757, Comment b (1939): "Definition of trade secret. A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it." (Emphasis added.)

⁹ See FINAL REPORT OF THE ATTORNEY GENERAL'S COMM. ON ADMINISTRATIVE PROCEDURE, S. Doc. No. 8, 77th Cong., 1st Sess. 7 (1941) ("the power to determine, either by rule or by decision, private rights and obligations"); 1 K. DAVIS, ADMINISTRATIVE LAW TREATISE § 1.01, at 1 (1958) ("a governmental authority, other than a court and other than a legislative body, which affects the rights of private parties through either adjudication or rulemaking"); Freedman, *Administrative Procedure and the Control of Foreign Direct Investment*, 119 U. PA. L. REV. 1, 9-10 (1970): "Where a center of gravity lies, where substantial 'powers to act' with respect to individuals are vested, there is an administrative agency for purposes of the APA. . . . [But] a definition stated thus broadly is not self-applying. It is an abstract proposition that does not neatly decide concrete cases."

¹⁰ This system originated with the National Cancer Institute Act, which created, in addition to the Institute, the National Cancer Advisory Council. Ch. 565, § 3, 50 Stat. 560 (1937).

¹¹ As added, Pub. L. No. 87-833, 76 Stat. 1073; see Public Health Service Act § 301, ch. 373, § 301, 58 Stat. 691 (1944).

¹² "If the OST's sole function were to advise and assist the President, that might be taken as an indication that the OST is part of the President's staff and not a separate agency. In addition to that function, however, OST inherited from the National Science Foundation the function of evaluating federal programs. . . . By virtue of its independent function of evaluating federal programs, the OST must be regarded as an agency subject to the APA and the Freedom of Information Act." 448 F.2d at 1075.

¹³ The executive branch represented the proposed OST as being organizationally analogous to the Bureau of the Budget, the Council of Economic Advisors, the National Security Council and the Office of Emergency Planning. 448 F.2d at 1075 & n. 22. Congress contemplated that OST would be sufficiently distinct from the President's staff to be beyond the reach of executive privilege and thus responsible to Congress.

¹⁴ The result may be that there is no "final opinion" of the agency—NIMH—accompanying its decision on whether to make a grant award. Whether this comports with existing notions of administrative fairness is not an issue in this case, nor do we see how it could be an issue for the courts in the absence of a legislative provision for judicial review of the decision.

¹⁵ The rather sparse legislative history of

Section 2 of the APA is collected in Freedman, *supra* note 9, at 6-12, and analyzed with reference to the meaning of "agency." That history tends to confirm our view that IRGs are not agencies. STAFF OF SENATE COMM. ON THE JUDICIARY, REPORT ON THE ADMIN. PROC. ACT, 79th Cong., 1st Sess. 13. (Comm. Print 1945): "'Authority means any officer or board, whether within another agency or not, which by law has authority to take final and binding action with or without appeal to some superior administrative authority.'" See H. REP. NO. 1980, 79th Cong., 2d Sess. 19 (1946). See also ATTORNEY GENERAL'S MANUAL ON THE ADMINISTRATIVE PROCEDURE ACT 9 (1947).

Whether the IRG is subject to the disclosure requirements of the Federal Advisory Committee Act, 5 U.S.C. App. I, § 10, is not a question before this court. We note, however, that that Act makes the FOIA standards applicable to advisory committees' reports and other papers only insofar as the head of the agency to which the committee reports falls to determine in writing that the reports or documents contain information within an exemption to the FOIA. *Id.* § 10(d). Whether such a determination has been made respecting IRG reports is not disclosed by the record in this case. *But see* Summary Statement, Dept. of HEW (Notice of determination to close certain meetings under authority of Executive Order 11671 of June 5, 1972), in U. S. Government Information Policies and Practices, *supra* note 4, at 3633, which made the same determination under the pre-Committee Act regime established by executive order. Similarly, the court is not now called upon to decide whether failure to make such a determination subjects the affected information to disclosure at the instance of "any person" as under the FOIA.

²⁴ From the Summary Statement submitted for *in camera* inspection it appears that exemption is claimed for the resume of the IRG's review and reasons, but not for the resume of the project itself, which gives only the most general indication of its subject matter and cannot be regarded as anything but purely factual and nonexempt.

²⁵ The critique is specifically directed to the following issues:

Are the aims logical? Is the approach valid and adequate? Are the procedures feasible? Is the research likely to produce new data and concepts or confirm existing hypotheses? What is the significance and pertinence of the proposed work with regard to the state of the field and importance of the aims? For continuation and supplemental requests, comment on past progress.

²⁶ When the IRG is an ad hoc committee, the names and institutional affiliations of each reviewer are listed. Five additional criteria are to be addressed in the case of foreign applications.

²⁷ The site visit report, which is two and one-half pages in length, is not summarized but rather incorporated by reference. Were it summarized the principle discussed in the text would apply equally to that summary.

²⁸ As in *Montrose Chemical*, the court does not confront a situation in which the underlying information, a summary of which is determined to be exempt is itself secreted from public inspection, and in which we said "a different result might be reached." The proposals summarized in item (2) are available by virtue of our holding in Part IIA, *supra*. The site visit reports summarized in item (9), insofar as purely factual, were not even claimed to be exempt, although, as appellant points out, they have very little factual content.

²⁹ The parties "agreed that the determinations made by the court based on this example would control the disposition as to other similar material covered by plaintiff's

request and presently withheld." 366 F. Supp. at 932.

³⁰ The proposal in question did not require the use of technical medical equipment, which undoubtedly made the question of facilities irrelevant to the IRG's evaluation of the application.

³¹ The District Court rejected appellant's argument that Exemption 6, which applies to certain files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, is an alternative ground for non-disclosure of any references, in the Summary Statements and site visit reports, to the professional qualifications or competence of a particular researcher. Our holding that the non-factual information in these documents falls within Exemption 5 extends to these expressions of opinion, and we therefore need not reach the merits of this argument.

Neither do we need to deal with the District Court's intimation that under certain circumstances HEW may delete from the site visit report or the Summary Statement an expression of opinion adverse to the qualifications or competence of particular individuals involved in the research project under consideration. The District Court, of course, found that these documents constituted the opinions of an agency and were disclosable as such; and it then referred to a provision of FOIA which says that an agency may make such deletions in an opinion. 5 U.S.C. 552(a) (3). We, of course, have reached a different conclusion on this latter score, and under our approach the deletion authority contained in the statute is not applicable.

³² The District Court itself prefaced its consideration of this prospective relief with the words, "Apart from resolution of the instant controversy . . ."

TRIBUTE TO CLIFFORD McINTIRE

HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. SHRIVER. Mr. Speaker, I want to take this opportunity to pay tribute to a former colleague, Clifford McIntire of Maine. His untimely death has saddened all of us who knew him, and who served with him in this body.

Cliff was a dedicated and conscientious member of the House Agriculture Committee, and, throughout his service on that committee, played an important role in shaping our national agricultural policy.

After leaving the House of Representatives he continued his work in agriculture with the American Farm Bureau Federation, as director of the Natural Resources Department, and director of legislation. He served on the President's Task Force on Rural Development, the Advisory Council of the Public Land Laws Review Commission, and had just been appointed by President Ford as a director of the U.S. Railway Association.

Clifford McIntire was a dedicated legislator during his seven terms in the House, but in addition to his fine work here, he will be remembered as a man of dignity and integrity, and a fine friend and colleague. I extend my deepest sympathy to his widow, Wilda, and his entire family.

THE SERIOUSNESS OF FOREIGN OIL PRICING

HON. LOUIS C. WYMAN

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. WYMAN. Mr. Speaker, the enormous impact on the economies of major world powers of the unreasonably high OPEC nation oil pricing policy can become a world disaster in a matter of months. It can destroy nations as completely as aggression. Eventually it can destroy its authors because its ultimate effect is to precipitate worldwide inflation, starvation, unrest and eventual revolution.

The OPEC nations must cut their oil price at least in half and do it now. Even with a 50 percent reduction they will have more money than they know what to do with.

In this connection the attached articles by James Reston in the New York Times and Roberta Hornig in the Washington Star-News are significant:

[From the New York Times, Sept. 29, 1974]

STATE DEPARTMENT SUMMIT

(By James Reston)

WASHINGTON, September 28.—Over the weekend, the foreign and finance ministers of the United States, Britain, West Germany, France and Japan have been meeting privately at State Department to discuss the world economic crisis. This is the first indication that the major industrial nations have finally recognized that they must try to agree on common policies to deal with the common threat of worldwide inflation, soaring prices of oil and other raw materials and the consequent danger of economic depression and financial, social and political anarchy.

This was a limited meeting with limited purposes, and with some awkward hand-caps. Canada, Italy, the Scandinavian countries and many others were left out, but it was at least a beginning by the big boys toward cooperation.

Earlier this year, they were dealing with this critical problem separately, and fussing with one another about how to analyze what everybody agreed was a worldwide crisis.

President Ford and Secretary of State Kissinger have been criticized in the last few days for overdramatizing the problem and seeming to threaten the oil-producing states with military action, if the latter did not roll back the prices that were disrupting the economies of the industrial and underdeveloped states alike.

"Sovereign nations," Mr. Ford said in Michigan the other day, "cannot allow their policies to be dictated or their fate decided by artificial rigging and distortion of world commodity prices."

"Throughout history," he added, "nations have gone to war over natural advantages such as water, food or convenient passages on land or sea." And now, he insisted, "exorbitant" oil prices set by the oil-producing nations and their cartel were threatening "the breakdown of world order and safety."

Mr. Kissinger was more subtle, but Mr. Ford's remarks were taken in the Arab world as a military threat, and this troubled the Japanese and the Europeans, for the threat did not seem to be credible. It violated the first rule of diplomacy, namely, that nations should never threaten to do what they are not prepared to do, or suggest policies their allies could not afford to support.

Nevertheless, the Ford-Kissinger speeches did dramatize the dangers, and, what was largely forgotten, insisted that cooperation by the industrial nations with one another and with the oil-producing nations was imperative if the world was not to drift into political, social and financial chaos.

What the President and the Secretary of State were saying, not too subtly, was that a continuation of soaring oil prices would shatter the world as we know it, that it would lead to unemployment and human misery all over the world, that democracy might not be able to survive inflation at the present rate and that it might even lead to Communist or other authoritarian governments in many parts of what now remains of the free world.

The facts before the ministers at the State Department were not in dispute. These facts demonstrated the strain on the industrial nations by the rise in oil prices and also the dramatic swing of monetary reserves to the producers of oil. Here are the basic facts and projections of the money flowing out of the industrial nations and to the oil producers as the result of the rising price of fuel.

PAYMENTS MADE

(In billions of dollars)

Year	United States	Other major importers
1972	4.9	14.0
1973	8.5	21.1
1974	25.2	74.8
1975	27.0	81.0
1976	30.3	90.7
1980	43.3	129.7
1985	64.0	192.0

The movement of revenues into the oil producing (OPEC) countries over this same period is estimated by the United States Government and the World Bank as follows:

(In billions of dollars)

Year	Oil revenues of OPEC countries	Reserves of OPEC countries
1972	18.9	
1973	29.6	25
1974	100.0	
1975	108.0	170
1976	121.0	
1980	173.0	653
1985	256.0	1,206

On the basis of these staggering figures, the primary questions before the ministers in Washington were how the oil-consuming nations were going to meet these bills, and what the oil-producing countries were going to do with this vast and growing accumulation of petro-dollars.

The trend in the industrial world is toward more unemployment and social and political disruption. In the underdeveloped world, particularly in Africa and the Indian subcontinent, the trend is toward hunger, malnutrition and death. In the oil-producing countries, the trend is toward riches almost beyond absorption and control. In the world at large, the trend is obviously toward revolutionary change.

No wonder, then, that the State Department was surrounded this weekend with secrecy and security measures. The major nations have just begun to think together about the alarming consequences of the inflation. They are all diverted by domestic, economic and political crises, with weak governments, most of them facing elections, but at least they are now recognizing that they are faced with problems beyond their national control and have to find international

remedies for what is obviously a worldwide danger.

[From the Washington Star-News,
Oct. 16, 1974]

U.S. TIGHTENING SCRUTINY OF OIL NATIONS' INVESTING
(By Roberta Hornig)

The U.S. government is moving to determine if the oil-producing nations could upset the American economy through their foreign investments and bank transactions.

The tightening of monitoring procedures to better determine how members of the Organization of Petroleum Exporting Countries (OPEC) are investing their oil revenues was revealed today by Treasury Secretary William E. Simon in testimony submitted to the Senate Permanent Investigations subcommittee.

Specifically, Simon said, his department "is about to put into effect" a new weekly and monthly reporting requirement for banks doing business in the United States, and with branches elsewhere.

Further, he said, the government intends to study the adequacy of the present data-acquiring programs now conducted by various U.S. government agencies to get a better analysis of foreign investments.

The testimony by Simon, who is in Russia, is in answer to questions from Sen. Henry M. Jackson, D-Wash., whose Senate subcommittee is holding hearings today on the impact of high oil prices on the world economy.

Also scheduled to testify are Alan Greenspan, chairman of the President's Council of Economic Advisers; Interior Secretary Rogers C. B. Morton, who is also the Ford administration's new chief energy spokesman; and John Sawhill, chief of the Federal Energy Administration.

One of Simon's major points is that none of the oil-consuming nations knows exactly what the oil producers are doing with their growing revenues accruing from higher oil prices.

"We must recognize that OPEC countries are not prepared to inform fully the United States government, other countries, or international agencies as to the nature and location of their investments throughout the world or their future plans for imports of goods and services," Simon said.

Simon estimated that OPEC invested \$7 billion in the United States between Jan. 1 and Aug. 31 this year. "of which over \$4 billion, perhaps \$5 billion, in U.S. treasury bills and other marketable government securities."

He estimated that the OPEC countries, during the same period, had invested about \$3 billion in the United Kingdom and \$2 billion in other European countries and Japan; a half-billion in international institution bonds; \$2.5 billion in less developed countries and \$13 billion in European currency markets.

Legislation requiring the Treasury and Commerce Departments to undertake a comprehensive study of existing investments in the United States is now pending in both the Senate and House and is supported by the Ford administration.

OPEC surpluses are being estimated now at a rate of roughly \$5 billion a month.

Simon, in his testimony, said that "we cannot project with sufficient validity to be useful the volume of oil-producer funds which may be placed in any particular money market in the future."

He said that even in countries with more comprehensive systems to monitor capital imports, "it is often impossible to identify with certainty the ultimate beneficial owner of invested funds. In virtually all countries, banks are allowed to preserve confidentially the identity of their depositors..."

Simon said the weekly reports to be required from banks will enable a better monitoring of "current developments" as they

might affect the exchange value of the dollar. The monthly reports, he said, will give "a more comprehensive view of the banks' positions in major foreign currency."

Simon also listed 29 countries cited by the United Nations as being confronted with the potential of near-term bankruptcy or financial collapse because of high energy costs.

The countries include Cameroon, Central African Republic, Chad, Kenya, Lesotho, Madagascar Republic, Mali, Mauritania, Niger, Sierra Leone, Somalia, Sudan, Tanzania, Upper Volta, Bangladesh, India, Pakistan, Sri Lanka, Haiti, Senegal, El Salvador, Guyana, Honduras, Dahomey, Ghana, Ivory Coast, Guinea, the Yemen Arab Republic and the Democratic Republic of Yemen.

THE FACES OF HUNGER

HON. RALPH H. METCALFE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 16, 1974

Mr. METCALFE. Mr. Speaker, one of the most serious problems facing the world today is the specter of increasing world hunger. Drought, famine, natural disasters, and, unfortunately, governmental mismanagement and insensitivity have caused the deaths of many people throughout the world. What is even worse, it has been estimated that an additional 500 million people are in great danger of starving to death if steps are not taken quickly to alleviate their plight.

Presently, the areas where the problems of hunger are most severe are the Sahel region of West Africa, parts of East Africa, and the countries of South Asia. These areas, which contain some of the poorest nations in the world, have been struggling under the burden of a severe drought for the last 6 years. In order to bring the magnitude of hunger and death in these areas to the attention of the American people, the Chicago Tribune has been printing a series of articles on these drought-stricken areas. These articles have been excellently researched, written, and photographed by Tribune reporter William Mullen and Tribune photographer Ovie Carter, who spent nearly 3 months traveling through these areas. They are to be highly commended for their fine work, and the Chicago Tribune is also to be highly commended for helping to bring the problems of world hunger to our attention.

Mr. Speaker, the articles on world hunger which are being printed in the Chicago Tribune are informative and very moving. I include the first of these articles in the RECORD at this point. I am sure that my colleagues will find them informative, and I hope that they will help stimulate congressional action on this vital issue.

The article follows:

THE FACES OF HUNGER—FAMINE; SLOW DEATH OF 500 MILLION PEOPLE

(By William Mullen)

It is the same sun that rises each day over Singamarie Pachuniper, a tiny village in eastern India, and Kao, a tiny village in central Niger in the middle of Africa.

Dawn comes first to a refugee camp for farmers in Singimarie where 6-year-old Saku Barman rises unsteadily to his feet and totters out of an open lean-to into a listless day of numbing hunger.

Six hours later, dawn comes to the Sahara nomad camp in Kao where a spindly 4-year-old girl named Hamedia weakly gets to her feet to face the same sort of day.

Once in the sun, Saku and Hamedia, though 5,500 miles apart, cast the same shadow.

They are the shadows of ghastly apparitions, of walking child-skeletons, doomed by the same natural and man-made forces to a short, unhappy existence on Earth.

"I don't think Hamedia will survive much longer," a village official told Tribune photographer Ovie Carter and me when we visited on a chilly desert morning early in August.

"It will only take a cold now, or a case of diarrhea, and she will be gone."

Already too weak to stand on her own for long, Hamedia's emaciated body clung spider-like to her mother's back most of the day.

Mother and child stayed close to each other and close to their skin tent. A row of tents stretched like a finger from the village into the rolling, brown desert dunes.

"There just isn't enough food coming in," the village official said. "We are losing two or three people every day now."

When we visited Singimarie several weeks later, the village teacher gave Saku Barman about the same chances for survival.

"Unless he gets some milk within a few days," the teacher said, "he will be dead. Twenty people have died already this week."

Saku and a younger sister spent their days walking like stick figures through the sweltering little town, wandering among a gaunt, ragged populace that was just as hungry as they.

Hamedia is black, the child of desert nomads whose cattle and livelihood has been destroyed by a six-year African drought.

Saku is brown, the child of rice farmers killed in a devastating August flood in India. Until this summer, they were children of different worlds, separated by race, religion, culture, and way of life.

Weakened in the aftermath of flood and drought, starved by the world's inability to get food to them when they needed it most, they faced the same fate.

By the end of the summer, Saku and Hamedia looked like brother and sister—dirty, naked, and dying. Their faces were no longer the faces of children, but immobile masks, deeply lined with unfilled form of skin.

The only emotion left was the terror that sometimes silently filled their eyes while they sat quietly thru the day, haunted perhaps by their own private child dreams.

By now it is likely Saku and Hamedia are dead.

The thin lifeline of trucks that brought irregular food shipments to Hamedia's village was stopped in the middle of August.

When we visited Saku's village, India had no food at all to deliver there. The government was just starting to ask around the world for emergency food donations.

The story of Hamedia and Saku is, of course, not a new one. Famine has been a killer every year since history began.

But there is growing concern among world food, agricultural, and weather experts that the world has fallen into a situation much more serious than ever before.

They fear that the many thousands of children like Saku and Hamedia who died this year have been carried away in the first wave of what may become the greatest disaster in history.

Many experts are predicting 500 million people will perish in famine by the year 2000.

Sayed A. Marei, secretary-general of the World Food Conference which will convene in Rome next month, believes current crop

failures and poor food distribution have left 400 million people "permanently hungry."

"Over the past two years it [the food shortage] has become so serious that it quite literally threatens the survival of hundreds of millions of human beings around the world," Marei said.

"Such a threat carries with it the gravest implications for the peace and security of the world."

In three months of travel thru the African Sahel—the semi-desert area just south of the Sahara—and the flood-stricken northeast section of India, we saw why the experts are worried.

We saw in West Africa thousands upon thousands of acres of once productive pastureland destroyed by the growing Sahara Desert. No amount of aid or work could reclaim it—and so the entire lifestyle of nomadic cattlemen, who for centuries were able to live off the land, has been destroyed.

In Ethiopia we saw the aftermath of the drought destroy Emperor Haile Selassie's government and throw the nation into turmoil that threatens to disrupt any concentrated development effort for years.

In India we saw the intense resistance by mothers and fathers to any form of birth control. Their reasoning was simple. They must have at least six or seven children so that one or two would survive to adulthood and take care of them in their old age.

The story was the same in each of the countries we visited—Senegal, Mauritania, Mali, Upper Volta, Niger, Chad, Ethiopia, and India. Each country has more people than it has land and resources to feed them.

Tho the catastrophic drought in West Africa and Ethiopia seemed to have been broken this year with a near-normal rainy season, people continue to die in the remote bush because it is impossible to get food to them.

India, which even in good years loses thousands of people to malnutrition, is quietly bracing for its worst famine since 1943.

The problem is that in recent years nearly everything that could go wrong with food production has gone wrong—and all at the same time:

The global energy crisis has dried up the flow of fuel and fertilizer to poor developing nations which, when they began using them in the last decade, thought they were going to be self-sufficient food producers.

World inflation and recession has forced the cutback in millions of dollars of development assistance from wealthy nations to the poor.

Emergency food reserves held by the world's wealthy nations have been depleted to their lowest level since World War II by several years of massive crop failures and natural calamities.

Erratic global weather patterns have wreaked havoc in the form of floods, storms, and drought on millions of acres of crops in Africa, India, Russia, and North and South America. This year experts are predicting at least 2 per cent less food will be harvested than last year.

The impact of food production in one nation on the wellbeing of people in another nation on the other side of the world is very real and immediate.

Failures of the corn crop in Illinois this summer most certainly mean prices will go up and somebody, somewhere in the world for lack of money to buy the corn will go hungry.

Crop failures in Russia that two years ago forced the secret sale of 30 million tons of wheat from the U.S. had a dramatic effect on the rising price of bread for American housewives.

When Chicagoans last winter impatiently cursed their way thru lines at gas rationing

service stations, farmers in India could not get gasoline to operate their irrigation pumps nor could they get petroleum based fertilizers for their crops.

Indian farmers, who were growing surplus crops three years ago, will harvest an estimated 10 million tons less food this year than the nation needs. That food the country can ill afford to replace thru world purchases.

While American mothers complained in the supermarkets this year about the mounting prices of bread and milk, the rising prices were causing more serious problems in Africa and India.

World grain prices shot up so steeply that the government of Niger couldn't buy and deliver enough food to Hamedia's village, and she began to die.

Milk became so short in supply in the U.S. that we could no longer ship it to nations dependent on our powdered milk—like India—and Saku Barman began to die.

President Ford expressed his concern when he told the United Nations on Sept. 18:

"Developing and developed countries . . . we are all a part of one interdependent economic system.

"The food and oil crises demonstrate the extent of our interdependence. Many developing nations need the food surplus of a few developed nations, and many industrialized nations need the oil production of a few developing nations.

"Let us not delude ourselves. Failure to cooperate on oil and food inflation could spell disaster for every nation represented in this room."

Ford pledged that the U.S. would substantially increase its development aid to projects geared to increasing food production.

When he announced the U.S. would spend \$475 million on such projects compared to the \$253 million spent this year, however, the nation which will be receiving the aid were disappointed.

They were expecting far more, and in fact will ask for far more from all wealthy nations at the Rome conference.

They insist the main cause of the problem is unfair distribution of the world's wealth, noting that the U.S. has 6 percent of the world's goods and services.

The poor nations argue that birth rates of Europe and America have been steadily declining in proportion to the rising standard of living and education of their populations.

The same thing would happen, they say, if the wealthy nations transfused more of their wealth into the development of poor nations.

Dr. M. S. Swaminathan, director general of the India Council for Agricultural Research, said he hopes the U.S. will be won over to that point of view by the time the Rome conference starts.

"The crucial role the U.S. must play in Rome this November is to put the political will of the developed nations to work to alter the world's food problems," he said.

"Today's food problems are too important for more words. They need commitment and action."

At the conference, the poor nations will be asking the U.S. and Europe to buy them dam projects, irrigation systems, fertilizer, roads, and expertise.

"President Kennedy said we could wipe out hunger within our lifetime given the political will to do so," Swaminathan said.

"I think he was right, and I think he proved his point when you put a man on the moon. He wanted America to put a man there within 10 years. There was political will to do so, and it was done."

There is considerable doubt that the U.S. and Europe, reeling from inflation and recession, would be willing to foot the bill for the sort of assistance the poor nations will seek in Rome.

Rather than increasing its foreign aid, in recent years the U.S. has been cutting back both in money commitments and in the scope of its aid.

"Big showcase projects—building dams and highways—just isn't our bag anymore," one U.S. official in Ethiopia told me.

No matter how large or small foreign aid becomes in scope, it may not be able to alter the vast problems confronting us in the end.

Five years ago there was great hope that the so-called "green revolution" must wipe out hunger and malnutrition.

Scientists came up with new plant varieties and irrigation and fertilization schemes that transformed several chronic food-short nations in Asia and South America into food exporting nations.

But the scientists have yet to come up with a magic formula to curb the greed and self-interest of oil and fertilizer producing nations. They have put the green revolution out of reach for most of the world's farmers by quadrupling the price of oil and fertilizer in the last two years.

Medicine has tried to help by sending cheap vaccines to the far corners of the Earth, eradicating dozens of fatal diseases, doubling the life expectancy of the people of India and Africa.

But medicine has yet to develop a vaccine that could have filled the empty stomachs of the children of Singamarie when the village ran out of food.

Nor has medicine found a pill that cures the colds or the dehydrating attacks of diarrhea that were killing the malnourished children of Kao.

Massive dosages of foreign aid could build dams and harness rivers to help the impoverished nations of the world become self-sufficient.

But no amount of money can buy a monsoon season when the rain falls and the rivers go dry and the irrigation ponds evaporate.

In the villages and camps where people have already started to die, the arguments, speculation, and expectations for manmade solutions seem far away.

In those dark, faraway places where people day by day watch hunger erode the bodies of their families and neighbors, there is a quiet almost ethereal acceptance of things.

A mother's comforting hand placed on her starving child's head replaces words. A father's prayer gives them hope.

"It is up to Allah," a nomadic tribesman told me in Niger. "If He wants us to live, we will get rain. If He wants us to die, then we shall surely die."

HONOR MEDAL FOR LOCAL SCOUT

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. MATHIS of Georgia. Mr. Speaker, on September 29, I had the privilege of presenting to a constituent of mine, Scout Joe Jones of Troop 106 in Albany, Ga., the Honor Medal for Heroism.

The Honor Medal, awarded by the National Court of Honor of the Boy Scouts of America, is given in rare circumstances when an individual saves a life or lives at the risk of his own.

Joe was credited with rescuing a 4-year-old neighbor from the swirling waters of a flood drainage ditch, right in front of a large culvert which carries

water under the street. A local investigating committee determined that the young girl would certainly have drowned if it had not been for Joe's quick action. He, too, could have drowned in the deep water or been sucked into the culvert to certain death.

Mr. Speaker, I was especially honored to present Joe this award because he is not only my neighbor and a close friend of my son, he also brings such high credit to his family, friends, and church. I am enclosing a copy of an article that appeared in the Albany Sunday Herald regarding Joe's meritorious act prior to the receipt of his medal:

JUST A MATTER OF REFLEXES

(By Yvonne Williams)

"It all happened so fast, it was just reflexes, I guess," said 12-year-old Joe Jones.

The efforts of Jones to save the life of 4½-year-old Holly McGaughey from drowning last February belies the myth that Boy Scouts are concerned primarily with merit badges and camping.

The 12-year-old Jones lives at 415 Forest Glen Road and is a member of Boy Scout Troop 106 sponsored by Porterfield Methodist Church.

On that day in late February Joe stayed home from school with a slight fever. It had been raining heavily all day and he went outside to look at the flooded street in front of his house.

The McGaughey girl who lived several houses down from Joe was also outside and she talked for a while with Joe before going off to play in the flooded streets.

SWIFT CURRENT

Holly stopped to play on a curb where two flooded culverts drained beneath the street. A swift current had formed due to the large amounts of water being forced through the small four-foot wide drainage culverts. The water traveled through drainage pipes under the street for about 50 feet until it reached an opening on the other side of the street.

"Scum and debris had gathered on top of the water in the ditch and Holly must have thought you could walk on it," said Jones.

"She stepped off the edge and sunk like a rock," he said. The boy said he recalls the little girl "bobbing up" once and then going back under the fast moving water. Realizing that he could not reach her from the curb, Joe jumped into the swirling water.

Investigators have estimated that the water Holly fell into was some nine feet deep.

"I don't know how deep the water was but I know that it came up to my neck and I never did touch the bottom," said Joe.

"I grabbed Holly and set her up on the bank and then pulled myself out of the water. She was crying and coughing at the same time and I told her not to cry because she might swallow water. I just kept telling her that everything was all right."

Joe then rinsed all the mud and debris off of Holly with the garden hose and sent her home to put on dry clothes.

On Sept. 29, at Porterfield Methodist Church, Jones will be presented with the Honor Medal by Congressman Dawson Mathis for the National Scout Council's Court of Honor for his efforts in saving the life of his 4½-year-old neighbor.

According to the Boy Scout manual, the Honor Medal is awarded to Scouts who saved life or attempted to save life at the risk of their own. They must have shown heroism, resourcefulness, and skill.

The three-member Advancement Committee for the Chehaw Boy Scout Council was appointed to make a full investigation of the near tragic event and to submit a report to the National Scout Council.

The report submitted by Chairman Eugene Black Jr., Ron Dorminey and Sal Glovingo, said that although Joe's action "while brief, was definitely at the risk of his own life." The report said that "both children were in grave danger of being swept into the culverts and carried beneath the street through the culvert."

QUICK ACTION

The three men on the Scout Advancement Committee said they felt that "Holly McGaughey is alive and well today solely because of the quick and appropriate reaction of Joe Jones."

In addition to the award, Joe has been notified by Woodrow Sasser of American Family Life Insurance Co. of Columbus that he will receive a \$500 scholarship.

Joe's parents, Mr. and Mrs. R. Bruce Jones, and his older brother Rickey say they are very proud of Joe's efforts to save the little girl from drowning.

"We really believe in Scouting," said Bruce Jones, "nowadays it's the best training you can give a boy."

MAOIST REGIME SUCCEEDS IN HAVING CONFUCIUS PLAQUE REMOVED FROM U.N. HEAD-QUARTERS

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. FISHER. Mr. Speaker, a strange and significant event occurred in the United Nations on September 16 which has received little notice in the news media. I am referring to the removal, at the behest of Red Chinese, of the green marble plaque which was presented by the Republic of China in 1968 to commemorate the 25th anniversary of the founding of the world organization.

We are informed that the plaque was inscribed with Confucius "Ta Tung Essay," the great commonwealth of peace and prosperity in which mutual confidence is promoted and good neighborliness cultivated. This, we are told, is the main thought of Confucius and this is also the lofty ideals and principles with which Dr. Sun Yat-sen, the Chinese national father, founded the Republic of China.

It would appear, therefore, that the conception of Confucian "Ta Tung Essay" is completely in line with the principles embodied in the Charter of the United Nations. And it would appear the Communist action in having the plaque removed was highly reprehensible and in effect a challenge against the U.N. Charter.

Under leave to extend my remarks, I include an article which appeared in the October 6, 1974, issue of Free China Weekly. This article relates to the reaction of President Chiang Kai-shek in regard to the removal of the plaque. The article follows:

PRESIDENT SAYS COMMUNISTS SHOW FEAR OF CONFUCIUS IDEALS IN INCIDENT AT U.N.

President Chiang Kai-shek declared Sept. 29 that the removal of the Confucius marble plaque from the U.N. headquarters in New York was another indication of the Chinese Communists' fear of the pervasive influence of the Sage's teachings.

In a message to the Confucius-Mencius Society, holding its annual convention at the City Auditorium, President Chiang said the U.N. Secretariat knuckled under to the persistent demands of the Chinese Communists and removed the marble plaque from the U.N. building last Sept. 16.

The marble plaque was presented to the U.N. by the Republic of China six and a half years ago. The plaque was inscribed with an excerpt from "The Great Learning", one of the Four Books of Confucius classics. The quotation is from a Confucius ideal of a utopian commonwealth.

President Chiang, the honorary president of the Confucius-Mencius Society, said the Chinese Communists have revealed their fear of the deep and pervasive influence of the traditional Chinese culture by insisting that the plaque be removed. They fear, he said, that the Confucius ideals will permeate the whole world. They had to have the plaque removed because it was a constant reminder of the contrast of Mao Tse-tung's atrocities and crimes.

President Chiang also told the convention that the anti-Confucius drive, which has been going on for some time on the China mainland, is an indication of Chinese Communist fear for the San Min Chu I (Three People's Principles), which embodies the Confucian teachings. The ideals are deeply ingrained in the Chinese culture. Any anti-Confucian drive, said the President, is against the very essence of traditional Chinese culture and is doomed to fail.

The teachings of Confucius, President Chiang continued, are everlasting and irreplaceable. They are always new and fresh. Light and justice will in the long run prevail over darkness and dictatorship. Now that Mao has amassed all the evils in the world in himself, President Chiang declared, the anti-Confucius drive will only hasten his downfall.

The President said Confucius has preached "benevolence" throughout Chinese history. Confucian students who have practised the Sage's teachings have come to the fore to defend the nation in its dark hours. He told members of the Confucius-Mencius Society that Confucian teachings again would help the nation in its task of national recovery.

FAKE CLAIMS RISE FOR D.C. WELFARE

HON. STANFORD E. PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. PARRIS. Mr. Speaker, public assistance statistics for April 1974 published by HEW this past August indicate that in April of this year, 30,010 District of Columbia families with 74,117 children, a total of 101,585 recipients, received \$7,046,927 under the aid to families with dependent children—AFDC—program, a significant rise over the February 1972 figures which showed 88,550 recipients and \$4,957,436 in AFDC expenditures. A shocking corollary may be drawn from the above figures in light of the revelation by the October 11 issue of the Washington Star-News that in 1973 and 1974, according to a survey by the D.C. Department of Human Resources, an average of 12.6 percent of the welfare recipients were ineligible for aid, 25.4 percent were overpaid, and 4.2 percent were underpaid. In summary, these statistics mean that approximately 42.2

percent of welfare cases have been receiving an incorrect grant. The District of Columbia has been paying an average of \$2,818 per year to 3,781 ineligible AFDC cases, an estimated \$758 per year in overpayments to 7,623 cases, and an average of \$758 per year less to 1,260 cases.

Through projection, the AFDC payments to ineligible and overpayments—less underpayments—result in an annual cost of over \$15.5 million in Federal and D.C. funds.

Since welfare recipients automatically qualify for the food stamp program, most AFDC families can get them as "assistance" households. The monthly average number of food stamp recipients, in the District of Columbia during fiscal year 1974 was in excess of 113,500 of whom 85,800 were on public assistance. It is estimated that the bonus value of food stamps issued to the latter group in fiscal year 1974 amounted to \$17,049,328. Since 12.6 percent of recipients on welfare rolls were found to be ineligible in fiscal year 1974, a conclusion can be made that this group received \$2,148,215 in bonus value of food stamps. The amount of overpayments that went to the 25.4 percent group is difficult to estimate. It is conservatively estimated to be about \$550,000.

Abuses of these two welfare programs cost the taxpayer \$18.2 million, a sizeable sum which exceeds by a factor of 5 the amount the D.C. taxpaying families with incomes above \$15,000 would pay in surtax should that proposed revenue-raising measure become a reality.

President Ford in his comments on the proposed surtax stated that an average \$15,000/year income family will pay *only* \$72/year more in taxes. Should 1970 statistics on the income of D.C. families hold true today, this means an added revenue of about \$3 million, a far cry from the welfare boondoggle of \$18.2 million. This is the reason why I and some 100 of my colleagues in the House of Representatives believe that our first priority is to eliminate this wasteful spending before we legislate additional taxes on the already overburdened productive sector of our society.

The Washington Star-News article of October 11, 1974, follows:

FAKE CLAIMS RISE FOR D.C. WELFARE

The number of people illegally receiving welfare payments in the District rose 3.3 percent this year, according to a survey by the D.C. Department of Human Resources.

Between 1973 and 1974, the study indicates, an average of 12.6 percent of the welfare recipients were ineligible for aid. In addition, 25.4 percent of the recipients were overpaid and 4.2 percent were underpaid.

Both this year and last year 800 of the more than 29,000 public assistance cases were sampled to indicate the rates of errors made in public assistance.

Joseph L. Yeldell, director of the human resources department, said the city has until June 30 to meet federal guidelines that set maximum levels of 3-percent ineligibility and 5 percent overpayment.

Failure to meet these standards could mean the loss of \$1.6 million in federal funds during a six-month period, Yeldell said yesterday.

Yeldell blamed the increase in errors on a lack of adequate staff in the payments assist-

ance administration and on procedural changes required by federal regulations.

Last January, Yeldell announced that all new public assistance applications would be thoroughly checked out to reduce the number of errors.

Yesterday, he said that beginning Nov. 1 the payments assistance administration would be reorganized, staff will be increased and every case on the roles will be reviewed before June 30.

Yeldell said the agency workers will visit each home within five days of application and also will rectify all cases every 90 or 80 days.

Additional personnel will be hired immediately, using federal funds under the Comprehensive Employment Training Act. The new employees will be clerks, aides and computer operators. They must be District residents who have been unemployed for 30 days or more and "to the maximum extent possible, current public assistance recipients will be hired," Yeldell said.

He said his department expects to receive about half of the \$2 million given to the District under the CETA program administered by the U.S. Department of Labor.

The federal money expires after 13 months. At that time, Yeldell said, he hopes to keep the additional employees on with District funds. He said that even with the increased staff, there will be about 100 vacancies in his department.

THE BICENTENNIAL CHALLENGE—STRENGTHENING INTERNATIONAL MUTUAL UNDERSTANDING

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, original sound ideas are rare, and when they are presented they merit special attention. One such idea, world peace through mutual understanding internationally of people to people, was propounded recently by Deputy Assistant Secretary of State Alan A. Reich to the Rotary Club of New York.

Secretary Reich presented a 12-point program through which American voluntary associations could effectively play a role toward furthering world peace through mutual understanding. Through his broad experience, Secretary Reich is well qualified to present such a practical program to the American people. His recommendations merit the thoughtful consideration of all who read the CONGRESSIONAL RECORD.

The speech follows:

BICENTENNIAL CHALLENGE—STRENGTHENING INTERNATIONAL MUTUAL UNDERSTANDING

INTRODUCTION

It is a pleasure and privilege to address again the New York Rotary Club and particularly on the subject of the "Bicentennial Challenge and Strengthening International Mutual Understanding." This Club has had over the years an international program with considerable radiating impact. New York City, since its founding, has led in the development of the nation and of the American ideals to be commemorated in 1976. New York symbolizes for the United States and the world the internationalism and global concern required of Americans as we enter our third century.

The American Revolution Bicentennial commemoration is international.

The American Revolution Bicentennial Administration has designated three themes—heritage, festival, and horizons—for the Commemoration. Each has important international implications. The heritage theme recalls the ethnic origins and diversity of America and the fact that our way of life owes much to other peoples of the world. Their contributions find rich expression throughout the United States. Reflecting together upon this heritage and its meaning will result in significant and constructive international dialogue.

Recently I somewhat mistakenly referred to "our Bicentennial" in a conversation with a cabinet minister of a nation making plans for the Commemoration. He interrupted and noted politely, "The Spirit of '76 belongs to us, too, you know!" His remark brought home to me the fact that others around the world share with us and hold dear the ideals and values associated with our Revolutionary period. Other nations have been guided by the American model in establishing their systems of governments. George Washington's words, "the basis of our political system is the right of people to make and to alter their constitutions of governments" have had world-wide meaning.

The festival theme suggests the opportunities international visitors will have to discover and get to know America and our people. Over a year ago, the President, through the Department of State and our embassies, officially invited other nations to participate in the Commemoration. It will be much more than a celebration, more than parades, and more than fireworks. There will be cultural, sports, arts, and other attractions both in the United States and abroad which will enhance the understanding of our respective achievements and societies.

Last month, appreciation of the American democratic system in surviving the Watergate problem was expressed by leaders and writers around the world. One Asian newspaper, traditionally anti-American, commented, "Never before have the ideals of freedom and democracy emerged more triumphant than from the trial and torment of Watergate. The whole world," the editorial added, "owes this land and people a solemn homage. . . ." Thomas Jefferson set the tone when he said, "Here we are not afraid to follow truth wherever it may lead, nor to tolerate any error as long as reason is left free to combat it." The United States is seen by peoples around the world as custodian of the ideals of democracy, and they wish to help ensure its continuation for the benefit of mankind.

The horizons theme of the Bicentennial is perhaps the most important to all of us because it looks to the future. John Adams put it succinctly when he said, "I like the dreams of the future better than the history of the past." The notion of the continuing revolution and all it stands for is captured in the growing awareness that we are interdependent; if mankind is indeed to survive, we must cooperate. Problems which a few years ago were national, now are global. Our neighbors' problems are ours, and vice versa. Improving the quality of life is a world-wide challenge.

Concerns with population, inflation, food, and resources require cooperative action. Strengthened informal relationships and people-to-people bonds help improve the climate for cooperation in solving these problems which know no national boundaries. The Commemoration will focus not only on the U.S. future, but also on goals and aspirations for mankind.

People-to-people relations further international mutual understanding and are relevant to world peace.

Why, you might ask, are people-to-people relations and informal communications activities of concern to the State Department?

Formal diplomatic channels, of course, are crucial for the conduct of official business and the resolution of differences between nations. To an unprecedented degree, however, the problems nations confront, the means they choose to solve them, and even the perceptions people of one country have of another, evolve outside official channels. Diplomacy has gone public. Foreign affairs is no longer the exclusive domain of the professional diplomat. The tone and content of our international relations are set increasingly by the vastly expanding contacts which occur between Americans and other peoples of the world.

The geometric increase in citizen involvement in world affairs has special significance for the diplomat. When people-to-people bonds and networks for two-way communication are fully developed, there will be a greater readiness to seek accommodation, and to negotiate. When people know and understand each other and appreciate their differences, the likelihood of confrontation diminishes, and prospects for peaceful solutions are enhanced. This rationale governs the interest of the State Department in the furtherance of meaningful people-to-people interchange.

In the past few years, scholars increasingly have studied the relevance of informal, non-governmental communications activities to matters of war and peace. Social scientists are developing a more scientific base for such activities. Their research suggests that the existence of informal communications tends to reduce the level of tensions when conflicts of interest occur and contributes to a climate of opinion in which conflicts may be negotiated more effectively. Second, informal relationships create a greater openness in individual attitudes toward other nations, peoples, and cultures. These predispositions also lead to greater readiness to communicate and to resolve differences peaceably. Third, social scientists tell us that international cooperation and two-way exchange contribute to world-mindedness and to an internationalist perspective on what otherwise might be viewed as purely national problems.

Finally, international people-to-people relationships help develop enduring networks of communication which cut across political boundaries and reduce the likelihood of polarization along nationalist lines. The Bicentennial Commemoration provides both the occasion and the opportunity for expanding and strengthening these people-to-people relationships.

Many bicentennial international activities are underway.

As you know, the Bicentennial Commemoration has no single national focus. It is nationwide, involving all our states, communities and people. In addition to the American Revolution Bicentennial Administration in Washington and the ten regional offices, every state has its own commission. Many cities, including, of course, New York, have commissions and active programs.

Many other governments of the world, as well as private individuals and organizations of other nations have asked the Department of State and the American Revolution Bicentennial Administration for suggestions as to what they might do to commemorate the Bicentennial and in the process strengthen ties with the American people. Many exciting Bicentennial activities are being planned by governments and peoples of other nations. A sampling includes:

Chairs in American studies to be established in foreign universities.

Establishment of chairs for studies of foreign nations in American universities.

Symphony orchestra tours to the United States.

National folk group participation in the Smithsonian Folklife Festival and in com-

munity festivals throughout the United States.

Endowment of library collection of Americana.

Commissioning of a number of historical books, studies, and films about the American experience.

Historical and philosophical conferences abroad on American civilization.

Theatre and opera tours and traveling museum exhibits to the United States.

As other nations are developing their Bicentennial programs, Americans too are incorporating an international dimension in their planning. Many of the local programs being organized and carried out by state and community Bicentennial groups involve peoples of other nations. Here in New York, you have a number of exciting international projects. The International Salute will feature exhibits from other nations.

The South Street Seaport Restoration Project in Lower Manhattan will recall New York's early maritime connections with the rest of the world. The Bicentennial Visitors Center and Council is organizing for reception of New York's visitors. Statue of Liberty events will feature the importance of immigration to the development of the United States.

Across the nation there are many programs aimed at providing international focus for the Bicentennial horizons program and at improving understanding over the long term. A few examples are:

Operation Sail '76 is a visit of tall-masted sailing vessels from around the world to come to New York City on July 4, 1976 and visit other world ports.

The World Theatre Festival, a non-profit foundation based in New York, will sponsor appearances of distinguished theatre companies from around the world.

The American Host Program, through its "Meet the Americans" project, is organizing home hospitality for foreign visitors.

Numerous international conferences are being planned such as the World Food Conference to be held at Iowa State University.

The California Bicentennial Commission is sponsoring a publications program on ethnic contributions to California history.

Binational, international exchange, and ethnic organizations are developing new exchange-of-persons programs.

The American Council of Polish Cultural Clubs is conducting a poster contest on Polish immigration to the United States.

The American Medical Association is inviting counterpart associations of other countries to attend their 1976 annual convention to review medical contributions to man's well-being over the past 200 years.

The American Association of Museums is organizing a program for American museums to exhibit foreign contributions to America's development.

Sister Cities International plans to increase from 1,100 at present to 1,976 by July 4, 1976 the number of U.S. and foreign cities affiliated in sister city relationships.

The American Historical Association is offering a prize to the author of the best historical work on the American Revolution written in a language other than English.

These few projects I have singled out are essentially international in character. There are, however, international dimensions in many programs which are primarily domestic in nature.

The organizers have found ways to make them international as well. One of the most promising is the recently-announced American Issues Forum conceived by Walter Cronkite. The Forum is intended to effect a year-long nationwide dialogue by people in all walks of life and all levels of education concerning the values which have characterized our national development and their relevance to the future. One of the nine major issues

to be discussed is "America's Role in the World, Past, Present and Future."

Community service organizations are a potent force for international mutual understanding.

In government and in the private sector, there is much to be done. Service organizations, such as Rotary International through its people-to-people programs, are contributing a great deal to international mutual understanding. Rotary's international youth exchange, involving 700 youths throughout the world annually, is a model program with considerable impact.

The Rotary Club matching program, which links Rotary Clubs in 151 countries with counterpart clubs for direct Rotarian-to-Rotarian relationships and shared service projects is equally impressive. Rotary's world community service program has helped people throughout the world. Through Rotary's small business clinic program, many individuals in less-developed countries have been helped to self-sufficiency and community contribution.

The mere existence of some 15,000 Rotary Clubs joining 750,000 Rotarians in 151 countries is a potent force for world peace. Rotary is made up of leaders from all segments of society; these fraternal relationships—professional to professional, businessman to businessman and so on—generate two-way communication and further mutual understanding.

Another service which Rotary Clubs perform is the advancement of international person-to-person programs of other organizations in their communities. In my own travels throughout the United States, I have been impressed with the extent to which Rotary and other service clubs have initiated and developed, for example, sister city affiliations, professional and people-to-people exchanges, international hospitality programs, and international activities of local performing arts and sports groups. These activities contribute to strengthened bonds between participating local groups and their counterparts in other nations.

Can community service organizations do more?

Leaders of private organizations frequently ask us in the Bureau of Educational and Cultural Affairs what they might do to increase international understanding. I would only hope Rotary and other community service organizations in the United States would do more of the same—demonstrating so well the capacity for commitment of the American people to furthering world peace. The Bicentennial Commemoration provides the focus. Specifically, I urge community service organizations to undertake in whole or in part the following 12-point program:

1. Expand home hospitality and community orientation programs for international visitors (including doctors and other professionals, businessmen, diplomats and military and government leaders).
2. Develop programs for continuing ties with the international alumni of area universities and colleges.
3. Enlist the cooperation and support of U.S. corporations operating internationally for meaningful public service activities.
4. Expand and strengthen programs of art, sports, and cultural interchange.
5. Develop and improve community programs for foreign students to enhance their experience while in the United States.
6. Internationalize your community involvement by affiliating with an appropriate international organization in cooperation with the U.S. National Commission for UNESCO.
7. Support established people-to-people, youth, and binational exchange programs.
8. Strengthen relationships with professional counterpart organizations in other countries.

9. Expand programs of international interchange involving America's ethnic and racial minority groups, drawing upon their special sensitivity and competence in cross-cultural communication.

10. Form international institutional linkages affiliating universities, hospitals, schools, institutes, libraries, and museums for exchange relationships.

11. Establish university chairs of international studies.

12. Maximize the goodwill generated by ensuring public visibility for these activities both here and abroad.

The challenge, the Bicentennial challenge, is to develop durable mechanisms which will continue beyond 1976 to contribute to international mutual understanding. While the Government can help, meeting this Bicentennial challenge will depend far more upon America's private sector strengths of initiative, diversity, and dynamism.

Such a Bicentennial commitment and program will be in our national interest as well as in mankind's interest of improving the climate for working together on our global problems. I thank the Rotary Club of New York and Rotary Clubs throughout the United States for your very real contribution in helping to build the "human foundations of the structure of peace."

THE 20TH ANNIVERSARY OF VADA BUILDERS, INC.

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. MATHIS of Georgia. Mr. Speaker, on Saturday past I had the honor of delivering the main address at the 20th anniversary celebration of Vada Builders, Inc., a farm equipment manufacturing firm located in the southern part of the Second District of Georgia. Vada Builders, Mr. Speaker, is living proof of the success of our free enterprise system and of what dedication and hard work can accomplish. The founders and managers of Vada Builders, and others like them all across America, are truly the backbone of the American economy. These are the individuals who produce, who employ, and who keep the system running for the good of us all. Yes, they themselves prosper in the process, and rightly so, yet their enrichment is only a trifle compared to the prosperity accorded the hundreds they employ and the thousands who appreciate the goods and services they provide. As Americans become increasingly cynical of our free enterprise system, I think there is a lesson to be learned from the story of Vada Builders, and I hope that the following story will demonstrate the continued vitality of the free enterprise system and how it contributes to our own well-being:

VADA BUILDERS, INC.

Vada Builders, Inc. was founded in 1954 as a small welding and repair shop. It was housed at the time in an old tin-roofed wooden shed at the Vada crossroads. The company then was primarily a "blacksmith" shop. It continued to operate like that through the fifties and into the sixties. Business was pretty fair until a fire completely destroyed the operation during the winter of 1966. The only thing that was saved was an old warehouse which still functions today

as just that—an old warehouse. There was no insurance to speak of (\$10,000) when fire struck, so for all practical purposes, the company was wiped out. Up until that time, though, the company was a big builder of hunting buggies for wealthy plantation owners, truck bodies, cultivators, and some peanut wagons and a few cotton wagons. Sales were less than \$100,000 dollars. After the fire in 1966, the company was cranked up again with help from the Small Business Administration. A building 200 x 50 was initially constructed at the site of VADA Builders, Inc. today. Since then, the company has grown and prospered. Additional square footage was added and today that figure stands at 65,300 square feet. Of course from 1966 until the present time, the company has been growing in other ways as well. Sales have gone from less than a million per year in 1970 to a projection this year of 5 million. The product line has grown from truck bodies and hunting buggies which are no longer manufactured, to peanut and grain drying wagons, cotton wagons, tobacco curing systems, stock trailers, implement trailers and cultivators. In 1973, VADA of Oklahoma, Inc. was founded by VADA Builders, Inc. of Georgia. That plant is located in the Southern Oklahoma city of Springer. Primary units of manufacture there are peanut drying wagons and cotton wagons. During the first year of operation of the Oklahoma plant, sales there passed the one million dollar mark.

Today, VADA Builders, Inc. markets products in Georgia, Florida, Alabama, North and South Carolina, Virginia and will move later this year into Mississippi and the "export" market. U.S. Agri-Chemicals is marketing our new tobacco curing system in the Carolinas as well as various other merchandise in our product line. Goldkist, Inc., based in Atlanta, is also marketing a number of drying trailers, stock trailers, implement trailers, and other products all built by VADA, but carrying the Goldkist label, thru their network of FMX stores throughout Georgia, Florida, and Alabama. The number of employees in the Vada, Georgia plant is about 160 with a total weekly payroll of approximately 15,000 dollars. Production capacity varies according to the various units being manufactured. About 20 peanut drying trailers can be built daily and about 15 cotton wagons per day. On the average Vada puts into manufacture near 1.5 million pounds of steel per month.

The man behind the VADA operation today as he has always been is Levy L. Harrell, Sr. He is 58 and a staunch Christian. He has earned everything he has the hard way. Today, he plays a semi-retired role but appears at the plant almost every day. He tends to big financial matters but always has a word for the employees of VADA. He drives a Cadillac and likes to fish. He spends some time at his trailer located on Lake Seminole. He is very easy-going and real down to earth. He is very proud of his sons that run the plant. He is married to Christine Sellers Harrell and they live in a fashionable brick home in Vada. Four of his sons run the Georgia plant with the fifth son, Levy Harrell, Jr. serving as plant manager of the Oklahoma plant. His middle son Bobby Jack Harrell, serves as General Manager and Executive Vice-President. His oldest son, Ronnie Harrell, serves as Production Manager and runs the day-to-day activities in the production area. His second to youngest son, Gary Harrell, serves as Secretary-Treasurer and attends to the book-keeping and finance functions. His youngest son, Hugh Harrell, serves as Plant Manager. He attends to the production scheduling and works hand-in-hand with engineering. Calvin Culverson is the Sales Manager, Larry Harrell, no relation to the other Harrells, is the Chief Engineer; Dwight Godwin serves as Cost Accountant and Management Consultant, and Jim Turknett is Personnel Director.

THE GREAT PAYCHECK RAID

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. HARRINGTON. Mr. Speaker, the American people are quite understandably outraged at the declining value of the dollar. Inflation is, without a doubt, the single greatest problem facing us today. Even as the purchasing power of the dollar declines and inflation claims a larger part of the working person's paycheck each week, the Federal budget continues to grow larger, making greater and greater demands on the already overburdened lower and middle income level taxpayers.

These same taxpayers have recently been deprived of an opportunity to control the rise of prices directly by means of price controls, which President Ford has ruled out, and since the price of basic foodstuffs and commodities continues to rise at an ever-increasing rate, despite the availability of WIN buttons, our constituents plead for and demand relief. As elected Representatives, we are obligated to provide this relief, by whatever means we can. We cannot control prices in the supermarkets or on the farms of the Nation, but we do control the Federal purse and the less money we appropriate from that purse, the better off the majority of taxpayers will be financially.

Members of Congress will benefit, too, with the renewed support and confidence of the people, who certainly view us now as shirking our responsibility to the American taxpayers by not taking grasp of the situation to cut Federal spending and alleviate the tax load. Instead, we continue to pass legislation which aggravates the problem and frustrates the taxpayers.

This past summer, I inserted in the RECORD a series of articles from the Boston Herald American highlighting the increasing burden of Federal taxes on working persons.

The author of this series, Bill Duncliffe, has brought his exceptional talent to bear on this issue and has produced an unusually perceptive look into attitudes which prevail among disgruntled taxpayers.

I would like, at this time, to share with my colleagues the articles which I did not insert in the RECORD before the August recess.

The texts follow:

THE GREAT PAYCHECK RAID: HUB EARNERS SHORT-CHANGED

Each week your livelihood—and that of every other person in Massachusetts—is being picked apart by a multitude of national, state, and local taxes.

But while everyone is aware of how much is taken in withholding and Social Security taxes, few realize how large a slice of their income is being consumed by the many other levies to which they are subjected.

Two typical wage earners opened up their financial records and family budgets to the Herald American in order to explore just how these indirect and hidden taxes hurt them.

What was found—and what it all means, to you as well as to them, is told in this series, "The Great Paycheck Raid."

(By Bill Duncliffe)

A blue-collar worker whose \$201 paycheck is being butchered by the raid which a whole horde of open and hidden taxes is making on it each week is angrily certain that in many ways he is being robbed—principally because he happens to be a resident of Boston.

He's convinced that both the suburbs and the state are playing Boston for a patsy, that they are refusing them the right to win a measure of relief from that oppressive load.

One articulate though understandably biased authority on the subject maintained that not only is the blue collar worker correct all the way down the line, but predicted that if the situation is allowed to remain unchanged it will not be Boston—but the state and the suburbs—who will lose the most.

At the moment, though, the taxpayer, a factory hand and family man, isn't all that worried about future damages to someone else. He's more concerned about what his present problem is doing to him, and he said:

"When you come right down to it the whole setup is screwy. I live in Boston and I love the city, but a guy who lives in Wellesley, Newton or one of those places and works here doesn't pay through the nose the way I do.

"The state is killing us, particularly in the way it makes us pay assessments for the T and the MDC, and the way it hits us for all the costs of Suffolk County, even though Chelsea, Revere, and Winthrop are as much a part of it as we are.

"Take the T: it's a pretty good transportation system, I guess," he continued. "I really don't know, though, because I don't use it. Yet I've got to pay more on its deficit each year than a guy who lives in one of the suburbs and uses it every day.

"And what about my car? Okay, compulsory auto insurance isn't a tax in the strictest sense of the word but I've got a 1971 Maverick and I had to pay \$350 to register it this year.

"But the guy next door registered his in Newton—and he's paying only half as much as I do.

"So sure. I'm disgusted living in Boston—but it's not the city's fault. It's the state's, and it's the fault of those suburbs who have enough members in the legislature to defeat any idea that would shift part of the burden from us and put it on their shoulders.

"Outsiders coming into Boston every day to work are getting off lighter than I am—and I think that kind of a setup is lousy."

Though he doesn't put it quite that bluntly, Richard Wall, Mayor White's budget director, couldn't agree more.

Wall, who was born in Massachusetts but went out of state—to Philadelphia and Cincinnati—to get his experience in municipal finance, said nothing he learned in those cities prepared him for the shock of how Boston is hamstrung by the heavy hand of the state government.

"The city's name is a dirty word in the legislature," he declared. "The quickest way to get a bill is to label it a 'Boston bill.' Year in and year out mayors of Boston have gone up to Beacon Hill with pleas and ideas for relief—and every year they've come back down again, emptyhanded.

"It's a matter of emotional attitude, I think. There's a general antipathy toward the central city in the minds of a great many people, and there is little sympathy among them for the city's problems—even among those who are in many ways dependent on the city."

Wall said that about half of all those who come into Boston each day to their jobs live in the suburbs; each day they receive—for free—the services that residents must pay for, and he believes that is eminently unfair.

"You ask yourself what would happen to the suburbs if Boston suddenly vanished from the face of the earth," he said. "The economics of the situation are that those suburbs would immediately go bankrupt.

"A healthy Boston is vital to the survival and prosperity of the entire area, and I believe the entire area should contribute to making it healthy."

As a land mass of business activity and commerce Boston is well-fed economically, Wall declared, but as a city government it is starving—and he insisted that the state is largely to blame for that.

For one thing, he said, Beacon Hill has made a mockery of real home rule by blinding Boston with all sorts of restrictive policies and mandates, has forced it to accept obligations it did not want, and has prevented it from using devices that would enable it to march long way toward solving the problems that now beset it.

And one of those devices, he declared, is a payroll tax—withheld from the wages of everyone holding a job in the city.

As a "Boston bill" that is a hardy and regularly rejected perennially in the legislature, and Wall does not delude himself into believing that it will become law in the foreseeable future.

Yet he insisted that it is a fairer and less regressive tax than the one which owners of Boston's homes and business properties, and those who rent space for them, are whacked with now.

"Both Philadelphia and Cincinnati have a payroll tax of three percent," he said, "and they get more from that than they do from the property tax.

"Neither one had to ask their state Legislature for approval. The city government just voted it in, and that was that. But Boston has to go hat-in-hand to the State House for everything."

Wall's reference to the real estate tax was made in this context: Well back in the past city was a hive of factories and other manufacturing activities—all of which were dunned for large hunks of money annually on their property.

But, he said, over the years the emphasis shifted from manufacturing to service industries, which generally yield a smaller amount in taxes, and he declared:

"If we were able to levy a payroll tax we'd get more money from it than we get from manufacturing plants. If we had real home rule we'd have been able to shift to a payroll tax as the economic activity shifted.

"But it's tough getting used to the fact that Massachusetts local government is so closely regulated by state law. For example, you can't change a municipal charter without getting the state's approval for it.

"Yet year after year at least one bill goes through the Legislature which lays more costs on municipal government. You hear a lot about mandates now, about how cities and towns are protesting against the state's policy of forcing programs or policies of one kind or another on local communities without providing the money to pay for them.

"I believe those protests are valid—and yet, for more than 100 years now Boston has been saddled with a mandate to pay all the costs of running Suffolk County. It's the only county in the state where that kind of arrangement is in effect, and in the new city budget the county costs amount to \$23,000,000.

"That's a mandate we've been trying to get changed for a number of years. Every year Boston asks for it—and every year the Legislature refuses."

A new mandate which could cause widespread conflict in the city and town halls throughout Massachusetts in time to come went into effect July 1. It requires that in cases where local officials cannot come to terms with their police or firemen on a new contract their dispute must, as a last step, be submitted to binding arbitration. Each party would choose a representative and would agree on a third, impartial, arbiter.

The three arbiters to whom a given dispute would be handed for settlement would have

to choose between "the final and best offer" made by either side.

Boston does not yet have any problem with that particular mandate since its contract with the Police Patrolmen's Union does not run out until June 30, 1975. The city is now negotiating with firemen, whose pact expired this past June 30, but Wall said he believes agreement will be reached with them soon. What concerned him about the mandate, however, was this:

"There is not much history of binding arbitration to judge by, so we don't really know how great an effect this new law will have," he declared. "But we are concerned about it because it places a vital decisionmaking function in the hands of an outsider who will, to a significant degree, establish how large a community's tax rate is going to be."

In any event, the state is apparently far more ready and willing to intrude upon home rule than it is able to meet its responsibilities to the cities and towns that are so greatly affected by its decisions.

And Boston is no different than any other community in that respect.

Wall said that in the upcoming year Boston will get approximately \$90,000,000 in state aid—and while that might sound like a lot, it's only about 80 percent of what the city is entitled to receive.

In substance, what that breaks down to is that Boston—and people like the blue collar worker—are being short-changed of what is rightfully theirs to the tune of \$18,000,000 in this year alone.

It is for that, as well as all the other reasons listed above, that he is certain he's being jobbed, and he said that no one has shown him—yet—where he's wrong.

THE GREAT PAYCHECK RAID: ANOTHER HIKE IN REAL ESTATE TAXES COMING

(By Bill Dunciliffe)

Any time now, a new raid will be made on the paychecks of every home owner and rent payer in Massachusetts—and in the case of the white-collar worker whose personal budget has been examined in this series it will take between \$2 and \$5 more a week from his earnings.

The raid will take the form of still another increase in constantly rising real estate tax rates in the state's 351 cities and towns and, depending on which expert is right, the rise will range from eight to 20 percent.

Last year the white-collar worker paid \$25 a week in property taxes on a \$35,000 Cape which he and his working wife are trying to buy in one of Boston's bedroom communities.

If Lyman Ziegler, vice president of the Mass. Taxpayers' Foundation, is close to correct with his educated guess of an eight percent jump, that particular home owner will be clipped for another \$2 a week. What will keep the rate from going higher in many areas, he said, is a new formula for distributing state aid which will give 200 communities more money from that source, but will leave the other 151 with less than they received in the past.

If Kennedy Shaw, executive director of the Mass. League of Cities and Towns, hits the target with his estimate of "more than 10 percent," the tab will be at least \$2.50. He wants a closer look at that new formula before deciding that it's as marvelous as its adherents claim.

But both Shaw and Robert Hathaway, the league's legislative director, said a spot check indicates that an increase of 20 percent in some communities won't be all that unusual—and if the white-collar worker is unfortunate enough to live in a town with a problem of that size he'll be dunned for a full \$5 a week more than he's paying now.

The impact of figures like that on the livelihood and future of anyone owning a home or commercial property in Massachusetts

may perhaps best be measured in terms like these:

In 1973, for the first time in seven years, the annual rate of rise in real estate taxes was less than 10 percent—primarily because many cities and towns used the money they got from revenue sharing for tax reduction. Despite that, the total take, statewide, from that one operous levy was \$2,168,000,000—a boost of 5.8 percent more than in 1972, according to the Taxpayers' Foundation.

If Ziegler's estimate of the expected increase is correct, then an additional \$173,440,000 will be taken from property owners this year.

If Shaw's prediction on the low side proves true, they'll have to find an extra \$216,800,000 to keep their community tax collector happy.

If his high-side guess turns out to be the rule rather than the exception, they will have to come up with \$325,200,000 more.

Thus, while most of the comment and quarrelling in the public forums of Massachusetts at the moment revolves around whether the state will need another \$200,000,000 or so in boosted taxes to help pay its bills, the unlovely fact is that the projected and little-publicized rise in property levies could approach and even outstrip that monstrous figure.

The remarkable thing about all this is that, somehow, in spite of the insatiable inroads which real estate taxes make on everyday earnings, people like the white-collar worker are managing to pay them. They may be living on short rations, but they're finding the money for their taxes.

"Cities and towns are collecting 97 percent of their bills, so no one's losing their home," Ziegler declared. "And if that's the standard by which to judge you would have to conclude that while the property tax may be unfair and regressive, the money is still there."

"People are somehow making the payments."

Ziegler and everyone else with any knowledge of the problem are agreed that too heavy a chunk of public money is raised by putting one arm on home owners and rent payers, and on those who hold business properties. Last year, according to charts made by the Taxpayers' Foundation, property levies claimed 56 cents out of every tax dollar raised by local and state government in Massachusetts.

This year's bite will be at least as large, and on that point Shaw said:

"What strikes me is the psychological ease with which we extract income taxes from people. They never see the money that's withheld from their paychecks, they don't realize how much is being taken out and they don't complain."

"Yet they go up the wall when they get their property tax bill because the money for that comes right out of their household budget."

"They can see the services their property tax buys; they can see police and fire protection, schools, and the like. But in many cases their income tax money is going overseas, or to subsidies that benefit some other part of the country or society, and they actually see only a small part of what they're paying for."

"The taxpayer tends to get more upset at the property tax because of the way it is raised and because it comes in one big bill that changes his mortgage payments. The income tax is automatically adjustable to the inflationary factors in our society. A worker gets a cost-of-living raise and his income tax automatically goes up. But the property tax isn't adjustable that way, and so the taxpayer gets hit in one shot."

During the late sixties, Shaw said, tax rates jumped like Mexican beans because of inflation, the beginning of collective bargaining or municipal employes, and other

factors. In the past few years the rise has slowed because of revenue sharing. Now; however, they're on the way up again—"perhaps faster than before"—because of a worsening inflation and a tougher collective bargaining law which mandates compulsory arbitration of wage disputes with police and firemen when all other means of reaching agreement on a new contract prove futile.

Gov. Sargent's new budget contains \$786 million in local aid for cities and towns, and Ziegler is hopeful that a new and complex formula for deciding who gets how much of it will enable many communities to keep their tax rates under reasonable control. It's fairly certain, too, that revenue sharing—which still has two years to run—will help in those localities which apply it to their rates.

But though Sargent and the Legislature have appeared to be more concerned this year than in the past over the plight of home owners, "local aid" they offer is like an 80-cent dollar.

As a rule, cities and towns get about 80 percent of what they're entitled to under the law, and any time there's a shortfall in local aid, the difference has to be made up by the property tax.

In addition, the Commonwealth persists in its practice of mandating programs such as kindergartens, police incentive pay, school lunches, etc., on cities and towns—without providing the means to pay for them.

"This whole thing has become a question of faith," Hathaway said. "The state mandates programs because it doesn't have any faith that the local communities will carry them out on their own—and the communities don't have any faith in promises by the state to reimburse them."

Ziegler, Hathaway and Shaw all agreed that the campaign to restrict the fiscal autonomy of School Committees is by no means the central issue, although education does claim an enormous share of municipal costs.

According to Ziegler, the experience of other states indicates that there really wouldn't be any great change in school spending if a City Council or Town Meeting were given a veto over School Committee budgets. What he urged was that committees be given professional help in their negotiations with teachers. He declared:

"We've got to strengthen the school board and give them the facts and the attitude they need, the attitude that they and they alone can speak for the public interest and have as much a duty to demand things of the teachers that will strengthen education and help children, than the teachers have to make demands on them."

Hathaway said fiscal autonomy is a "paper tiger issue," and Shaw added:

"Tax reform is a far more significant issue than fiscal autonomy because both the schools and local governments are living on the same limited tax base, and instead of fighting each other we ought to be trying to change that."

"I believe we are at one of those times in history where a really significant economic change is being dictated by the conditions under which we live. The load on the property tax is unfair and it just can't carry the burden that's being placed on it."

"So now there is talk of transferring the costs of education to the state, as other states have done. What we are advocating is moving welfare to the federal level, and education to the state. This will take the curse from property taxes—and it's an idea whose time will come, sooner or later."

"Everyone says that education is a function of the state, and if the state took it over legislators would be more responsive and more responsible because they'd have to find the money for every program they mandate."

"I'm confident that this kind of a change is coming," Shaw maintained. "All these

pressures—inflation, etc.—will dictate it, as will national trends, court cases and a basic sense of fair play.

"Educators and local government must work together to put this program across, because if it ever becomes law property taxes will have to decrease."

Whatever drop occurs, however, will be less pronounced in the cities than in suburban areas because of the "urban markup factor."

That's a gobbledegook term which means that it costs more per person to operate an older city than a newer suburb because the city has more senior citizens, more poor and more minority-group families.

Because of that—and because a city such as Boston usually has a smaller ratio of taxable property from which to draw its funds—police and fire protection cost more, welfare and public education cost more, and everything involved in the operation of a municipality costs more.

But any decrease at all, however large or small it turns out to be, will help make the owning of a home more of a pleasure and less of a problem for the white-collar worker and people like him.

[From the Boston Herald American, July 16, 1974]

THE GREAT PAYCHECK RAID: TAX SQUEEZE FELT BY ALL
(By Bill Duncliffe)

Massachusetts is a Commonwealth caught between two "highs"—and those being hurt most by that state of affairs are people whose paychecks are being raided every week by the insatiable assaults of a legion of hidden and openly-imposed taxes.

They include the blue collar worker who is left with slightly more than \$100 to feed, clothe, and house his family of five after all three levels of government bite into his salary of \$201 a week. They include couples like the white collar worker and his wife who between them earn \$19,000 a year and surrender 38 percent of it to tax collectors on the Federal, state, and local levels. They include people subsisting on pensions or savings, whose standard of living is lowered by inflation and by the multitude of levies they are required to pay.

In short, they include just about everyone old enough to know the difference between a dime and a dollar.

The "highs" that will largely affect their future livelihood are contained in these contrasting sets of statements:

Massachusetts looks especially good to any industries desirous of setting up shop here because of the high degree of reliability and skill which its labor force possesses.

But it also looks especially bad to many of those same industries because of the high and steadily-escalating level of government spending, and because there seems to be no disposition on the part of anyone at the State House to do anything about it.

Those statements are not necessarily beyond dispute; they are, rather, expressions of informed opinion on the part of office holders and experts whose concern about the state's economy is a continuing thing.

But what is beyond dispute is that new business means new jobs—and new jobs usually result in a spreading of the tax burden among a larger number of people and companies. However, the state has been desperately short of both business and jobs in recent years, and the deepening gravity of the situation is shown by the latest government figures which show 203,800 unemployed here.

That adds up to a jobless rate of 8.1 percent locally compared to a national average of 5.2 percent—and that compels those who are working to contribute more, via taxes, to the support of those who are not.

The question is, who's to blame for that depressing condition—and the answer is, it depends on who you ask.

In the view of House Majority Leader Rep. Thomas P. O'Neill, Jr., the current doldrums are not particular to Massachusetts, but are general to New England.

"When a new industry thinks about coming here they take several things into account," he said, "and among them are taxes, power costs, transportation, nearness of the product to the market, and the stability of the workers."

"The truth is that on an over-all basis we haven't had many new industries come into this area," O'Neill continued, "and I'm told that there are a lot of companies talking about moving out—although I don't know of anyone who's gone yet."

"But we are close to the major markets here, and our transportation system is more than adequate as long as we keep the railroads running. As far as stability is concerned, the average worker in Massachusetts is absent from his job no more than five percent of the time—but in many areas of the country the absentee rate runs as high as 15 percent."

"I've met textile people who left here years ago to locate in the south, and all they talked about was how reliable the employees they had here were compared to what they've got now."

"So the difficulty is, I think, in taxes and the cost of energy—and that last is a real crunch because of the added fuel charges."

"We've had progressive government for years in this state, and that always costs more. We had Workmen's Compensation a long, long time ago—and some states don't have it yet. And we've got pension systems here—and other areas still don't have them."

O'Neill's thesis that high taxes are a by-product of social progress is not accepted in toto by other authorities on the subject. One business-oriented tax expert maintained that Massachusetts is in such desperate straits now because no Governor for the past 20 years—Democrat or Republican—has made the state's economic health his Number One concern, and he said:

"There is absolutely no realization in the legislative and executive branches of government that we're in trouble. Spending beyond income is a bi-partisan thing, and the politicians give no thought whatever to where the money is coming from."

"I think we're at the point where taxes and the cost of government in Massachusetts are a detriment to the growth of the economy. If we don't control both we're going to have an increasingly unhealthy load on the economy that will drive more businesses—and jobs—out of the Commonwealth."

"We've got to have people at the State House who will face reality and stop passing new programs without providing the money to pay for them. We've got to have department heads who will be able to justify every dollar they ask for, and we've got to force them to look at their programs with a critical eye."

"Until we do we'll never be able to put a dent in state spending and we'll never be able to give the taxpayers of Massachusetts, large and small alike, the assurance that their government has an honest concern for their wellbeing."

The expert maintained that Gov. Sargent, while not necessarily hostile to industry's interests, is certainly indifferent to them—and many businessmen agree with him.

That is an allegation which Sargent denies heatedly and repeatedly. His most recent attempt to put the lie to it centered around a \$101,000,000 program that would, he said, create 33,000 new jobs by:

Floating \$48,000,000 in loans to help industries that either want to expand or locate here;

Releasing \$40,000,000 in state highway money for road building over the next three years, and

Asking the Legislature to okay \$13,000,000 in additional housing subsidies which would be used to create jobs in the construction industry.

The announcement of his program, coming at the tail end of the legislative session and the beginning of his summer-long drive for re-election, left Sargent open to charges that he was playing politics with unemployment. He denied that too—but apart from that he insisted that the picture of him as anti-business is a false one, and he declared:

"I think it's time for the business community to recognize the many advantages we've got here, and to use the many incentives we've made available for them, rather than be forever talking gloom."

Sargent said that when he took over as Governor in early 1969 he could see that the state's economy was headed for trouble, and so he asked a task force of businessmen and labor leaders to come up with a program to expand industry here. "I told them that if that meant tax incentives and legislative proposals, okay, let me see them," the Governor declared, and added:

"What they recommended became 12 bills that were passed by the Legislature and signed by me—but what amazes me is that when I held a seminar in Springfield recently I found out that a lot of business leaders didn't even know about these things."

Among the measures Sargent said he made available were a \$500 tax credit to any company for each new employe taken from the welfare or unemployment rolls, as well as tax breaks on purchases of machinery and anti-pollution equipment, on industrial development financing, and on excises and tangible property taxes assessed against corporations.

"Several months ago I met with Wall Street investors," the Governor said. "They knew about the tax incentives and the other things we'd done—and they liked them. They told me they were innovative proposals and because of them they were looking favorably at Massachusetts for investment purposes."

"I see evidence that the economy is on the upswing here. I see indications that the companies along Rte. 128 are winning major new contracts. I maintain that there are 50,000 more jobs here than there were a year ago, and we are seventh among the states in terms of foreign money being invested here. So while there are still problems to be solved, I think there are a lot of encouraging signs in the economy."

Gordon D. MacKay, a Boston insurance executive who is also one of the guiding spirits of Citizens for Economy in Government, described Sargent's 12-point program as "bandaid treatment for a basic problem," and said what's needed more than anything else in Massachusetts is to create the justified impression that this state is being run well.

That can best be done, he said, by budget reform.

"We've got to develop a system of measurement that will enable us to look at various programs and make cuts or changes in them where indicated. When money is short the average family takes steps to live within their budget. They tighten their belts, do without some things, and develop alternatives. We don't think the state government has explored alternatives. They've just added taxes and more taxes."

"Many other states have been able to cut taxes—but we haven't. They've measured output, what they're getting for their tax dollars—and we've never done that."

"The businessman is a person oriented to the bottom line, and we need to create a positive attitude that this state is being run well," MacKay maintained. "When that's done the word will spread, and new business will be attracted here."

"In order to correct the bad impressions about Massachusetts—like its being known as Taxachusetts, for example—we've got to get state government squared away and create the reality that it is being run well and efficiently.

"After all, how do you think the marginal businessman—not the big corporations but the marginal businessman—feels when he reads about a new tax increase here? We're trying to create the attitude that this state is interested in business—and to transfer that attitude into action is what we've got to do."

[From the Boston Herald American, July 17, 1974]

THE GREAT PAYCHECK RAID: SARGENT A MINORITY OF ONE ON BALKING TAX BOOST
(By Bill Duncliffe)

How much more will the paychecks of the blue collar worker, the white collar worker—and you and I—be raided for in additional state taxes next year?

If Gov. Sargent is right, not a dime—as long as the Legislature refuses to open the public purse for any program or proposal requiring a large outlay of dollars.

But Sargent, up to now, has been a minority of one on that issue.

The overwhelming majority of private experts and public officials to whom this reporter talked were convinced that Sargent will have no choice but to seek anywhere from \$100,000,000 to \$400,000,000 more in taxes in 1975.

If they are right, the money will probably have to come from the sales, income, and corporation levies—and that will assault everyone's paycheck with blows like the following:

Anyone who pays \$75 in sales taxes this year will pay \$100 next year, if the rate is increased one percent. However, at least one legislator believes it could go up two percent, or could be made a general rather than a limited tax. If either happens, the impact will be even rougher.

Anyone who has \$5 taken from his paycheck for state income taxes will probably be dunned for another dollar a week in 1975.

And if the rule-of-thumb cited earlier in this series is accurate, half of whatever tax increase is charged to corporations will be passed on to their customers.

Nor is that necessarily all.

One of the more powerful lawmakers at the State House, who out of a sense of self-preservation asked that his identity be withheld, said that two rather hair-raising innovations might be explored.

The first would be to place a tax, similar to the sales levy, on such "services" as a haircut and car on TV repairs, and he guessed:

"About \$80,000,000 could be realized from that source alone."

The second would be to make any income tax increase that might be approved next year applicable to incomes earned this year. To do that, he declared, would be to provide "instant money," which he claimed, may very well be needed if the state's financial situation is as serious as Sargent's critics say it is.

But the Governor told this reporter they have been wrong before—and he happens to be right about that.

And he insisted they'll be proven wrong again—and that remains to be seen.

"For the past three years a lot of people have been saying we needed a tax increase of \$100,000,000, or \$200,000,000, or whatever," he maintained, "but for the past three years we've been able to hold the line on taxes while tripling the aid we give to the cities and towns.

"That's been particularly tough to do in a time of inflation but we were able to do it by:

"Extreme austerity, cutting back on state activities and not filling jobs simply because they became vacant;

"By being very conservative in estimating how much we'd realize from various taxes. For example, we expect to get \$30,000,000 more from the corporation tax than anyone outside this administration predicted;

"We anticipated we'd get revenue-sharing money from the Federal government, and I was one of three governors who worked hard in Washington and elsewhere to win approval of that program, and;

"There is \$100,000,000 which is owed the state by the Dept. of Health, Education, and Welfare. We have documented bills for every dollar of that. We're under-estimating what we'll get from that source, but even if we get \$35,000,000 we'll be in good shape.

"With that money, the additional \$30,000,000 from the corporation tax, and \$35,000,000 in reversions from departmental budgets we'll be all right.

"So there shouldn't be any new tax program in '75. There are a lot of problems remaining, but if the economy picks up and we get the money we expect we'll be all right."

Sargent said, however, that the legislature's failure to pass more of his reorganization program—which once was figured to save about \$100,000,000—disappointed him greatly and he declared:

"The urgency of reorganizing state government is greater now than it ever was, and if I'm still here in January we've got to give priority to ramrodding the rest of that program through the Legislature."

Sargent's claim of austerity appears to clash with figures put together by the Mass. Taxpayers Foundation which, in an analysis of his new budget, noted that since 1969 the number of permanent state employees had increased from 50,219 to 62,578—a jump of 24.6 percent. And that does not include temporary or '03 help. The Foundation also counted, in Sargent's budget requests, 56 programs or items that were being included for the first time.

The Governor's reply to those statistics is that, first, higher education has been hugely expanded during his tenure, that a number of community colleges have been opened, as well as a state medical school at Worcester and the new multi-million dollar campus of UMass-Boston.

"We had to ask for a lot of jobs for those schools because there is no sense in putting up buildings like that if there's no one to staff them," he said.

In addition, he decided, many of the jobs added to state rolls were the responsibility of the Legislature which passed laws and mandated programs that made more hiring unavoidable.

"Another thing," the Governor continued, "I want an additional 200 state troopers to fight crime in this time of violence because I feel they're absolutely necessary. But at the same time we're letting jobs in other agencies go unfilled—so what we're doing is shifting priorities."

One of those who are certain that Sargent will have to put the arm on the public for more taxes is Sen. James A. Kelly, Jr., (D.) of Oxford, chairman of the Senate Ways and Means Committee.

For one thing, Kelly said, the new budget is many million dollars short of breaking even, and for another, Sargent has made commitments to the future that will entail large sums of money. The Governor will need between \$60,000,000 and \$80,000,000 more for state employees, and he'll need at least \$60,000,000 to meet the state's obligations to its elderly, disabled, and blind under the Supplementary Security income program, Kelly said.

"Neither the Legislature or the Governor has seriously tried to cut spending," he maintained. "They talk austerity but they're still spending. We're not going to cut costs by eliminating services but by making them more efficient, by getting people out of administrative jobs and moving them out into the field where they can provide services to the public."

Kelly stressed, however, that the vast majority of state employees give a good day's work for a good day's pay—but he conceded that there are some people paid for no-show jobs and others who not only don't do their own work but prevent others with more enthusiasm from doing theirs.

"We're trying to squeeze loafers out by forcing department heads to justify what they've got, to choose between those who are doing their jobs, and those who are not," he said. "If we could cut the cost of government by one-twentieth, in this year's budget that would wipe out the need for a new tax program."

One of the few people outside of Sargent's executive suite who thought—for a while—that there was some slight chance of avoiding a tax hike was Rep. Joseph D. Early (D.) of Worcester, vice chairman of the House Ways and Means Committee.

But Early's hope was hedged by two big "ifs"—if Sargent's budget could be cut to \$2,715,000,000, and if no deficiency budget to keep state agencies running until next June 30 became necessary.

The first hope was dimmed when the lowest budget could be cut to was \$2,732,000,000, and the second didn't do any better when Early became reasonably sure Sargent would have to look for more money via a deficiency budget.

At least one such budget has been submitted in each of the last ten fiscal years, and Early saw no reason why this one should be any different.

"He is just trying to get by the November election," Early said. "He's trying to be all things to all people and promising them things he can't possibly deliver on fully. But the deficiencies won't show up until after November, and so he'll have to come in some time later with a request for more money."

Early maintained that the state budget is loaded with fixed costs for such things as food, personnel, and fuel, and he said that a way must be found to "un-fix" them to some degree. And he declared that in some areas what Massachusetts needs is management and clear thinking.

"For example," he declared, "when we started the state pension system 20 years ago the cost was \$2,000,000 a year.

"The employees' contribution was five percent. But over the years we've increased the benefits without increasing the contribution—and this year pensions will cost at about \$170,000,000.

"I wanted to raise the contribution to seven percent, but we couldn't get it through. I told teachers and state employees that they were killing the pension system without an increase of that nature.

"And then, there are our judges. They're in a non-contributory pension system and it never cost us anything because they never retired. But then we made it mandatory for them to retire when they reached the age of 70, and in one year we knocked out 40 of them.

"Their pensions came to 75 percent of their salary, so that meant they get \$25,000 a year. Now maybe \$25,000 doesn't seem like much—but multiply that by 40 and it comes to \$1,000,000 a year.

"It's in places like this, and in state aid for school construction, for example, we need management and direction."

[From the Boston Herald-American,
July 18, 1974]

**THE GREAT PAYCHECK RAID: TAX PICTURE BAD,
GOOD**

(By Bill Duncleff)

The immediate future contains a mixture of both bad news and good for everyone whose quality of life is being wounded by the slashes in their income being inflicted each week by The Great Paycheck Raid.

First, the bad news:

Despite all the bright and "it's high time" talk coming out of the Capitol, there is no chance whatever of a cut in the Federal income tax being passed before the end of the year.

Plus which, despite the long labors of the House Ways and Means Committee, there is no chance either that Congress will get around at this session to correcting some of the more obvious inequities that now exist in the nation's tax laws. The impeachment proceedings and the pressures of an election year will act to shove that issue aside until 1975 at the earliest.

Those same factors will give the kiss of death to any hope that the same Committee will allow the House to vote on the bill proposed by Rep. James A. Burke of Milton and cosponsored by 132 of his colleagues to give low and middle-income wage earners a break on their Social Security tax.

As for Sen. Kennedy's proposal to increase the personal income tax exemption to \$825, forget it for now. Next year, maybe—but it will still be a tough one to win.

On the state front the common feeling is that whoever wins the governorship in November will have to perform the political equivalent of walking on water if he is to avoid asking for a massive tax hike next year.

There is, however, no discernible hope of a miracle where the auto excise tax is concerned. Bills to reduce it and to require local authorities to make automatic refunds of overpayments to motorists were scuttled by the Legislature this year, and it will take a complete change of mind for them to become law in the foreseeable future.

"The rate (\$66 per \$1000 of valuation) is too high, and enforcement of the tax is replete with red tape and mistakes," said Elvhard W. Hoover of the AAA. "Take the refund procedure, for example. If a department store over-charges you the refund will ordinarily be handled quickly and with little trouble.

"But neither the state or the local communities will do that. If you don't know you over-paid they won't tell you—and that's wrong."

Even more unjust and oppressive, in the view of tax and financial experts and officials, is the steadily-escalating cost of government in Massachusetts—but there is virtually no chance of any significant reduction either in state spending or the number of state employees.

The more realistic goal is to control the growth of both.

On the municipal scene the prospect is that property tax rates will continue to rise—primarily because of inflation, school costs, and the new collective bargaining law that requires compulsory arbitration as an ultimate step in settling contract disputes with police and firemen. For a time, the new Special Education law appeared to be a major factor in this regard—but the decision of the Legislature to provide \$28,000,000 in "up front" money to help cities and towns put it into effect this coming September eased its impact considerably.

The expected rise in real estate rates would be slowed somewhat in 200 of the Commonwealth's 351 communities by a new formula increasing their cut of state aid—but that

will come at the expense of those other cities and towns whose share is reduced.

In either case, whatever sum any community gets will almost certainly be less than it is entitled to under the law—because the historical fact is that Massachusetts usually makes good on about 82 percent of the aid it has pledged to its cities and towns.

In spite of all the depressing evidence however, there are some encouraging—if less substantial—signs that officials on all three levels of government are beginning to tumble to how the Great Paycheck Raid is causing hardship for those they are supposed to serve. In Washington, there is increasing pressure not only for tax reform but welfare reform—changing the system so that the needy can live in dignity and hope and the taxpayer can be sure his money is being dispensed wisely and fairly. There is support, too, for the thesis that welfare should be solely a Federal function—and if that ever becomes law a huge load will be lifted from the state's tax structure.

Despite the bungling and filibustering which bushwhacked the tax-cut efforts of Sen. Kennedy and several of his colleagues it will come up again in 1975, and it is quite likely that Burke—if he is reelected—will be able to shake his Social Security bill loose from Ways and Means and bring it before the House for a decision.

At the moment, he is about four votes short on the Committee, an Burke's expectation is that if he gets those few he will win by a large margin in the House.

Both Burke and House Majority Leader Thomas P. O'Neill, Jr., insist that there is every prospect that, as far as tax reform is concerned, Ways and Means will retain the "little man loopholes" used by many people in filling out their income tax returns. These include deductions for union dues, medical insurance premiums, state gas taxes, and the like.

But while allowing those to remain, the Committee will very probably urge that other, larger loopholes which work to the advantage of major oil companies and other members of "Big Business" be closed. Almost certainly that will prove to be one of the toughest fights of all in the next session of Congress.

In Massachusetts a new reform bill will—if signed into law by Gov. Sargent—make the next state budget a truly "open" one from beginning to end. It is the combined product of the thinking of Rep. Joseph D. Early (D) of Worcester, House Speaker David M. Bartley (D) of Holyoke, and a coalition of groups that included the Citizens for Economy in Government, League of Women Voters, Mass. Taxpayers Foundation, Common Cause, Massachusetts, and Citizens for Participation in Political Action.

*** but proponents claim that this would mean that school costs would be spread more justly over all segments of the population rather than on the property owner alone.

But will it—and any or all of the other remedies suggested above—be approved? And if approved, will they work?

Those are the key questions, and the answer to them is while they may be approved they cannot possibly work without the active and articulate—and persistent—help of blue collar workers and white collar workers alike, without the pro or con contribution of everyone whose taxes help pay the freight of government.

There are always cries that too much money is being spent, and that government must stop frittering funds away on every program that's proposed by this special-interest group or that. But a survey made by Joseph Napolitan Associates of Springfield for Citizens for Economy in Government indicated that many taxpayers are talking out of both sides of their mouth.

The survey, based on 798 personal interviews with people reflecting the state's population characteristics, showed that more than twice as many citizens—39.6 percent to 16.5 percent—would rather cut back services than raise taxes.

Yet, given a list of 16 specific services, those interviewed recommended reductions in only three—and wanted more money spent on ten others.

"The contradiction of people at the same time demanding less spending but more services clearly shows the political dilemma facing the Governor, legislators, and local officials in dealing with fiscal chaos in Massachusetts," said Henry S. Lodge, executive director of CEG. The only answer is a government which works seriously to maximize the effectiveness of every tax dollar."

But no public official can really do that unless he or she knows what the public thinks about any given problem or program. Speaking strictly about the situation at the State House—although his words would apply equally well on the national or municipal level, Peter Keyes, legislative director of Common Cause, said:

"Legislators don't hear from their constituents on many issues. Sure, they hear on such things as gun control, abortion, and the like, but virtually no one knows that court clerks, for example, have an organization and they're up at the State House every year looking for a raise. Other groups of workers and officials have organizations doing the same thing, and the public isn't aware of them.

Legislators are pressured by these groups, but there is no countervailing pressure from the people back home—and lawmakers have to know how their constituents feel if they are to do a truly effective job."

So that's it. Apathy, a widespread hopeless feeling of "what's the use of saying anything" has allowed The Great Paycheck Raid to go as far as it has. What's needed now to change things for the better is constant, constructive action by people like the \$200-a-week blue collar worker, the white collar worker with an income nearly twice as large—and people like you and me.

**MASS TRANSIT LEGISLATION
BEFORE ADJOURNMENT**

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. MADDEN. Mr. Speaker, the House of Representatives is vitally concerned that this Congress pass a mass transportation bill this year. I was most pleased when some weeks ago, after 3 days of debate, this body by a large majority passed the mass transportation bill that was reported from the Committee on Public Works. This is a long range 6-year bill which would establish a permanent program in the mass transportation field.

This bill has been languishing in the other body for several weeks and no action has yet been taken.

During the last 10 to 15 years, traffic congestion has multiplied several times until today our economy is being threatened by millions of workers, shoppers, business, and industry being tied up in urban traffic tangles by bumper-to-bumper truck, automobile, bus, and railroad congestion.

Not all Members of this Congress, especially those from rural communities, are directly contending with this unspeakable traffic burden now being endured by the citizens in metropolitan areas. In some cities, workers are now being delayed from 30 minutes to an hour and a half in getting to and from their work in factories, industries, offices, and shops.

Members of Congress from urban areas during past years have, with few exceptions, supported farm subsidies and other forms of aid to rural areas throughout the country. We are now asking our colleagues to reciprocate by supporting mass transit.

I recently sent a telegram to the American Transit Association which reaffirmed our position that the Public Works Committee bill on mass transportation should be moved by the other body. This is still my position, and I believe that, if the other body would hold immediate hearings on a mass transportation bill and report it out right after the recess, there could be a quick conference and legislation would be forthcoming before we adjourn for the year.

It is my firm feeling that such action should be taken by the other body, and I urge Senator HARRISON WILLIAMS of the Senate Committee, and other Senators who have done such a great job in the past in the field of mass transportation, to move now to meet with the Committee on Public Works and give us the bill we need.

BURKE SEED LEGISLATION

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. MOAKLEY. Mr. Speaker, I am pleased to learn that we will have an opportunity, after the recess, to vote on legislation to provide free seeds to the American public.

This bill was introduced by my distinguished colleague from Massachusetts (Mr. BURKE) and has been ordered to be reported out by the Committee on Agriculture. The gentleman also has been assured of prompt action on this measure by the Committee on Rules. I wish to commend both committees for their prompt action in this regard.

This legislation will greatly encourage home gardening and could have a significant impact in reducing food prices. Since Richard Nixon first took office 5 years ago, consumer prices have risen 38 percent.

Food prices have paced this rise and— with energy, interest, and housing costs— have represented the major contributing factors in our overall inflation.

Even a very small garden could significantly cut the vegetable purchases of the average family. Individually, it could have a significant impact on the cost of living for a family. In the aggregate, it could have an equally beneficial impact on the cost of groceries.

But, not only is this good legislation, it is one of the best examples I have seen in my short time in Congress of the impact of one man with a good idea.

All of us in this chamber have been looking for ways to cut consumer spending to relieve inflationary pressures. And here the gentleman has offered an idea for a program which involves an expenditure by the Government of only \$6 million which can reduce consumer spending by \$380 million—in effect, a 6,000-percent return on our investment.

But all of us know that putting a good idea in the form of a bill does not automatically make it law. This bill has reached the point it has because of the tireless efforts of the gentleman from Massachusetts. He has walked the corridors of Capitol Hill, seeds in hand, buttonholing Members. On our first encounter, I left with a package of cucumber seeds and the gentleman left with a firm commitment.

I would like to take this opportunity to urge my colleagues to support this measure when it comes up for a vote next month and to commend our distinguished colleague for his tireless efforts on behalf of the American consumer.

LONG PRESENTS PROGRAM TO COMBAT INFLATION

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. LONG of Maryland. Mr. Speaker, I shall oppose the President's proposals for an income surtax and increased investment tax credit.

The 5-percent tax surcharge is offered to finance a proposed investment tax credit for industry which will cost the U.S. Treasury about as much as the surtax will increase revenues.

The investment tax credit is a wasteful gimmick which only subsidizes investments that companies would have made anyway; thus, it adds to inflation without adding new supplies of goods and services.

There are, however, a number of other steps the Federal Government can take to combat inflation effectively, I am submitting a list of my own proposals, as follows:

(1) Cut the Federal budget.—Rep. Long has introduced a resolution calling for a two-thirds reduction in the growth of the Federal budget. Rep. Long pointed out that, during the last five years, the expenditures of the Federal government ballooned by about 9% each year, thus causing the government to fuel inflation by adding to the money supply. Rep. Long's resolution calls on the Congress to limit the growth of the Federal budget to no more than 3% per year, thus curbing the growth of the national debt.

(2) Stop market-shelf price boost.—Rep. Long has sponsored a bill to eliminate the annoying practice in many stores of re-pricing merchandise which has already been displayed for sale at a lower price. Rep. Long's bill would make it illegal for any retailer to increase the price of a commodity once that item has been priced for sale.

(3) Cut export of U.S. food.—A larger food supply at home would mean lower prices. Rep. Long has sharply criticized the past sales of U.S. grain to Russia, and has supported programs to help small farmers around the world grow more food themselves, rather than rely on U.S. food assistance.

(4) Increase world's food supply.—Rep. Long has sponsored the Food Research and Development Act, a bill to increase America's and the world's food supply (and thereby cut long-term food prices) by developing better means of food production, processing, irrigation, and livestock breeding.

(5) Cut taxes for savers to increase mortgage money, boost homebuilding.—Rep. Long has introduced legislation (co-sponsored by 31 other Congressmen) to exempt the first \$500, or \$1,000 on a joint return, of savings account interest from Federal income tax. Rep. Long's bill helps those lower- and middle-income savers who have been hit hard by inflation. In addition, Rep. Long's bill would boost the housing market by providing more construction and mortgage funds through savings banks.

(6) Plug tax loopholes.—Rep. Long has sponsored several bills to plug the tax loopholes for the wealthy which drain the Treasury and add to the tax burden of the average taxpayer. Such reforms would be aimed at capital gains taxes, farm 'loss' deductions claimed by wealthy investor-farmers, special tax treatment of foreign subsidiaries of U.S. corporations (including foreign tax credits claimed by oil companies), and the oil depletion allowance.

(7) Reduce energy costs, break up monopolistic energy companies.—Rep. Long has sponsored the Energy Industry Competition Act to halt the anti-competitive practices of oil, gas, coal, and oil shale companies. Large, integrated energy companies would be compelled to divest themselves of a segment of their operations, leading to increased competition and lower prices.

(8) Increase U.S. oil yields.—Rep. Long pushed for and got an increase of appropriations for research on increasing the yields from existing oil wells. Such advanced oil recovery techniques could produce more oil from existing wells—prices should drop with the increased supply.

(9) Stop automatic rate hikes.—Rep. Long has sponsored a bill to require that utility companies justify any rate increases in a public hearing—prohibiting use of such mechanisms as the "automatic fuel adjustment clause."

(10) Ease materials shortages by boosting recycling.—With industry facing higher prices for scarce raw materials (often controlled by foreign suppliers), Rep. Long has sponsored the Resources Recycling and Conservation Act. Rep. Long's bill provides incentives for recycling and conserving raw materials which have been in short supply.

(11) Cut wasteful paperwork required of businesses.—Rep. Long's Federal Paperwork Burden Relief Act seeks to eliminate billions of dollars worth of paperwork which businessmen must provide to the Federal government. Businessmen now spend \$18 billion a year to fill out Federal forms. Much of this money could be used for more productive purposes.

(12) Assure pension rights.—Rep. Long was a leader in the recent passage of a bill to assure that retired persons receive the pension benefits to which they are entitled, by insuring pension funds and requiring strict compliance with pension regulations.

(13) End ups and downs in benefits for the elderly.—Rep. Long has introduced a bill to guarantee that, when Social Security benefits are increased, those on veterans' pensions do not receive reduced benefits. Many elderly persons, living on such fixed incomes, are particularly vulnerable to inflation.

(14) Remove limits on wages for those getting social security.—Many retired persons on Social Security find that they still must do some work to make ends meet. Rep. Long's bill assures that those who must earn are not penalized by an offsetting reduction in their Social Security benefits.

(15) Collect debts due to the U.S.—Foreign nations owe the United States more than \$45 billion, and many of these debts are long past due. Rep. Long's bill would require payment on these debts. If any of these debts can be collected, repayment would alleviate our balance of payments problems and put needed funds into the Treasury.

(16) Curb inflationary world-wide arms spending.—Rep. Long has called for an Arms Sales Limitation Conference to limit spiraling arms sales and thus hold down world-wide inflationary defense spending. Middle East oil producers raise oil prices, and worsen the U.S. balance of payments, in part because they desire to purchase new supplies of arms and weapons.

DOG FIGHTING

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. O'BRIEN. Mr. Speaker, professional dog fighting, an illegal sport in this country, has been on the rise over the last few years. We must put a stop to it. Therefore, I have joined Mr. KYROS and several other colleagues in sponsoring legislation to amend the Animal Welfare Act making interstate transportation of fighting dogs for purposes of sport, wagering or entertainment illegal.

The following is the testimony I gave at recent hearings held on this bill by the Agriculture Committee's Subcommittee on Livestock and Grains:

Mr. Chairman, my name is George M. O'Brien. I represent the 17th Congressional District in Illinois which includes the counties of Will, Kankakee and Iroquois and most of Bloom Township in Cook County.

I am here today to urge immediate action on H.R. 16715. This bill, which I have joined Mr. KYROS in sponsoring, would help to put an end to the cruel and illegal practice of professional dog fighting.

Although these savage spectacles are banned in every state of the Union, they continue. It is well known that Illinois is a major center for this so-called "sport." In my own district, at least two Will County communities have been the scene of numerous fights and dog-fighting conventions. Local breeders of pit bulls, the dogs most commonly used for fighting, are now under investigation.

Unfortunately, all the recent publicity and the investigation have only served to drive the fight promoters further underground.

Fans, owners and promoters claim we are making a big fuss about nothing. A fellow who refused to identify himself, naturally, told one of my aides recently that dog fights are just good clean fun, not much different from horse racing. It is just as natural for a pit bull to fight and die as it is for a Thoroughbred to race, he claimed.

Of course he insisted that the dogs don't die very often or even get hurt badly. Reminded that dozens of kittens and dogs are killed in training just one fighting dog for the pit, our anonymous friend suggested that was as good a way as any for getting rid of unwanted pets.

I beg to differ with him on all counts. There is no comparison between a regulated,

legal and beautiful sport such as horse racing and the sordid, clandestine death duels of dog fighting. A more apt comparison would be the Roman circuses that featured gladiators and men fighting wild beasts.

Furthermore, neither racing nor fighting to the death come naturally to horses and dogs. A Thoroughbred may run naturally but he must be highly trained in order to win races. Without training, pit bulls, or any dog, would not battle so desperately.

One has only to see the stomach-churning film presented here by Mr. Duncan Wright, president of the American Dog Owners Association, to know that the dogs do suffer death and maiming in these fights.

As for the argument about proper disposal of unwanted pets, I hardly believe that allowing a live animal to be torn apart is more humane than putting it to sleep or finding it a home.

While cruelty is the overriding evil of dog fighting, this practice is also closely tied to criminal activities. We have all heard testimony that wagering is heavy at these fights and that the stakes are phenomenally high. In addition, Mr. Frank McMan of the U.S. Humane Society has said that investigations are going on concerning two murders in Texas in connection with a dog fighting ring.

In my own district, police have reported that at least one witness to a local fight refused to testify out of fear. Fear of what, I don't know. But it does seem odd that any spectator at such a "good clean sport" would be afraid to talk about it. I've never met anyone who was afraid to talk about a basketball or football game.

There is only one way we can put a stop to dog fighting and the host of other activities related to it. We must enact strong federal legislation that will make it impossible to transport the dogs across state lines to follow the fight circuit. Our bill, H.R. 16715, could do this. It would also hit violators with a substantial fine of at least \$1,000 and could land them in prison for a year. Or both.

The fact that the fights continue is clear indication that our present state laws are just not enough.

Mr. Chairman, I urge you to give this matter serious consideration and to report out a bill quickly so that these savage duels may be stopped.

EXHIBIT OF WORLD WAR II COMBAT ART

HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. SHRIVER. Mr. Speaker, the U.S. Navy under the sponsorship of Navy Secretary J. William Middendorf is currently conducting an exhibit of World War II combat art in honor of the President and Members of the Congress who have served with the sea services of the United States. This exhibit, which includes some 190 paintings, is an exciting collection of the works of artists who served along side the men and women of the Navy, Marines, and Coast Guard during World War II, and is being held in conjunction with the 199th birthday of the U.S. Navy.

For those Members of the House and the Senate who have not already seen this superb collection at the Reserve Officers Association Minuteman building at 1 Constitution Avenue, I urge that they do so before the exhibit closes on October 31. The paintings are on display from 10 a.m. to 4 p.m. weekdays.

A WELCOME CHANGE

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. ROBISON of New York. Mr. Speaker, President Ford's testimony in further explanation of the Nixon pardon, as presented today to the Hungate Subcommittee, was a beautifully forthright—and characteristically candid and honest—attempt by him to lay at rest those suspicions which, in the aftermath of Watergate, have surrounded his motives in granting it.

Whether or not those suspicions—suspersuspicions, I called them on yesterday—have now been erased, remains to be seen. But it would be my early judgment that most of them have been—leaving, then, only a question of President Ford's judgment in granting a pardon to the former President when he did, and as he did. As to that, as regards all Presidential actions and decisions, opinions will continue to differ. But that situation is something far different from thoughts and rumors to the effect that some sort of Machiavellian "deal" existed as between Richard Nixon and Gerald Ford.

In light of our recent experiences, the idea that chicanery exists almost everywhere in high political circles is one that is going to be hard to put behind us as a people. If, however, that is an attainable objective, our success in achieving it is going to greatly depend upon the actions and attitudes of President Gerald R. Ford—whose chief task is not only to heal the Nation's more obvious wounds in the post-Watergate months immediately ahead, but also to do everything he can to restore credibility to the White House, and the Presidency, thereby reviving public confidence in our political system and institutions. This is not to suggest that Congress, too, cannot make a similar contribution. It is, instead, to note that, under our system and our appreciation of it, it is the Presidency—and certainly not the "imperial" Presidency of recent past—that has traditionally tended to be the fountainhead of popular confidence and trust in our governmental structure.

Mr. Speaker, I have every confidence that President Ford is up to the personal challenge posed to him in this, as in other respects. I have such confidence, perhaps I should add, if—and it is a rather big "if"—he is given a chance. His first 30 or so days in office were, as we recall of an unusual "honeymoon" nature. The public reaction to the granting of the pardon abruptly ended much of that temporary—and perhaps overdone—era of good will, and evidently in a manner not contemplated by President Ford when he announced his decision.

Neither he, nor we, can retrace our steps in that regard and it is even possible, one assumes, that it was just as well for all concerned that the fact of the pardon "stopped in its tracks," as Arthur Schlesinger, Jr., has put it, "too headlong a return—after the Nixon

resignation—to the bad old habits of awe and reverence” for the Presidency. As Mr. Schlesinger further notes—

By pardoning his predecessor, (Mr. Ford) has mercifully postponed our return to those barbaric practices of President-worship that made Watergate possible.

Well, in any event, Mr. Speaker, I think it is well and good in this context that President Ford has, throughout this difficult time for him, remained so true—at least as I see it—to his pre-Presidential self. Today, perhaps as at no other time yet since he assumed the Presidency, has the American public had a chance to see and listen to the Gerald R. Ford most of us have known, and trusted, and appreciated, for a good many years—17 years, in my case. His explanation of the pardon will not satisfy everyone, of course—how could it be expected to do so? But, surely now, nearly all of the critics of that act will accept it, if it was a mistake, as an honest mistake. To that extent, then, President Ford today rendered a service of possible historic impact for the institution that is the American Presidency—an office he is now privileged to hold.

His willingness to attempt to do so, under the equally historic conditions surrounding his voluntary appearance before a congressional subcommittee, is—as Godfrey Sperling, Jr., chief of the Washington bureau of the Christian Science Monitor has recently written in other regards—

A welcome change in a capital that has been badly stained by evasiveness and duplicity.

I will now include Mr. Sperling's full column from which those words are taken, as a way to carry forward, and conclude, the theme underlying these thoughts of mine:

THE UNCOMPLICATED GERALD FORD
(By Godfrey Sperling, Jr.)

WASHINGTON.—A reporter was holding forth with some of his fellows on his problems of “selling” his findings to his editors on the presidential pardon of Richard Nixon: “I’ve been looking in all sorts of directions,” he said, “and talking to everyone close in to the President. And I am convinced that there was no deal, no funny stuff, no chicanery. I think he did it for the reasons he stated—that he thought he could get Watergate behind him and that he did, indeed, think he was performing a Christian act by giving Nixon a pardon right away and not making him wait for it.

“But my editors keep prodding me to see if there isn't something else behind the move. After Nixon and Watergate they have become so accustomed to lying and evasiveness that they just can't accept the fact that this President is a man who may make mistakes—but that he acts honestly and directly. They continue to think that Machiavellian acts are going on behind the scenes in the White House. So they keep pushing me to look harder.”

Another reporter in the group, nodding his head while the other talked, broke in to say: “My editors are acting in the same way. Watergate has made them supersuspicious. It's only natural, and we should be looking hard. But I keep telling them that this President is different from the last—that he approaches decisions the way most people do.

But they keep telling me to look under the rug.”

These White House reporters, huddling in the briefing room just a few minutes before the new presidential press secretary, Ron Nessen, arrived on the scene, were all in agreement on one point: President Ford might or might not turn out to be a notable achiever. His simplicity of approach might provide useful answers or it might turn out to be frightful oversimplification. But they saw him following a forthright path. “He may at times make bad decisions,” one particularly hard-nosed reporter put it, “but he will make them honestly.”

This thesis of an uncomplicated, easy-to-read President Ford is one that is gaining ground here, even among the most cynical of the Washington press.

Disciples of the theory of a candid, straightforward Gerald Ford are convinced that some of his most important acts thus far must be explained in the most simple way—in the manner in which Mr. Ford himself explains them.

Here are examples of presidential decisions that have evoked widespread controversy and varying interpretations—and where Mr. Ford's own story is at least holding its own in this city of very suspicious reporters:

Amnesty. Some newspaper articles have said the President decided to come up with a limited amnesty plan simply to counter the adverse reaction that would come when he pardoned Mr. Nixon. Mr. Ford's own explanation is that his children—and, particularly the son who is the divinity student—persuaded him that this was the right thing to do. Mr. Ford has also indicated strongly that amnesty and pardon were two, separately, arrived at, decisions.

The presidential hint that a blanket pardon of Watergate-related defendants was forthcoming. There were stories which indicated Mr. Ford actually had decided to move in that direction and was only turned away when he heard the widespread negative repercussions from the American people.

Another analysis has concluded that this was a presidential “trial balloon.” In such accounts Mr. Ford was pictured as rather craftily and quite politically testing the wind before deciding what to do with these defendants. But the President has said that all he meant to say was that if these defendants asked for pardon, he would examine the cases individually. He said he never had any intention of issuing a blanket pardon.

Had the President committed a giant-sized “bloop” by opening the door to wide speculation that he was going to follow the presidential pardon by pardoning everyone involved? Those who support the “honest-but-sometimes-misguided-President - Ford” theory would say “yes.” They would say that if he had consulted with his inner circle of advisers and friends, he would have kept his mouth completely shut on this subject. But they would reject the theory of a clever maneuver of stratagem on Mr. Ford's part.

All this is not to say that those presidential watchers who might roughly be called “Ford believers”—those who tend to accept his explanations—are not so unrealistic as to think that what Mr. Ford does is completely unrelated to his perception of political implications. They know that, on the contrary, this is a President who is also a skilled politician.

But those who now are underscoring the Ford credibility in this city—and who are asserting that there is absolutely nothing of the scheming Nixon in Ford—are merely saying that when this President says something was done for a certain reason you can believe him.

They see it as a welcome change in a capital that has been badly stained by evasiveness and duplicity.

THE 93D CONGRESS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my Washington Report entitled “The 93d Congress”:

THE 93D CONGRESS

The 93d Congress may go down in the history books as the Congress that pushed a President out of office, but it has done much more than that. Even before taking a recess for the November elections, its list of accomplishments marks it as an unusually productive Congress. So far, it has:

Re-asserted its Congressional role in war-making;

Established a mechanism to regain control over federal spending;

Adopted a pension reform to give 25 million workers some assurance of retirement benefits;

Strengthened federal programs for grade and high schools;

Established the first major federal housing program since 1968;

Enacted campaign reform legislation to limit contributions and spending in federal elections;

Passed a four-year farm bill to spur food production and end subsidies when market prices are high;

Authorized construction of the Trans-Alaska Pipeline, sharply accelerated energy research and development, and created the Federal Energy Administration to increase the supply of energy;

Stepped up the fight against cancer, encouraged the formation of organizations to improve the delivery of health care and emergency medical services; and

Among dozens of other notable pieces of legislation, created an independent corporation to provide legal services to the poor, raised the basic minimum wage while extending coverage to an additional 8 million workers, and gave the District of Columbia citizens the right to elect local officials.

Congressional action on 10 of 15 appropriation bills reduced the President's request for funds by a net of \$3.15 billion. (House appropriations actions so far this year have reduced Presidential budget requests by \$4.5 billion, and for the first time in recent memory the House acted on most of the fiscal year appropriation bills before the spending year began on July 1.)

The record of the 93d Congress is still incomplete, but it is apparent that it was not obsessed with impeachment. When the Congress returns after the elections, it will have only a few weeks to work on a full agenda, including the nomination of Nelson Rockefeller to be Vice-President, the President's new economic policy, and measures dealing with strip mining, trade reform, and health services extension, along with completion of the regular fiscal year appropriation bills.

Of course, there will be some casualties, among them probably tax reform and national health insurance. The Congress ducked some tough questions, such as inflation and committee reform, but even if the Congress does nothing more, it has already produced a record surpassing most recent sessions of the Congress, and it gave the nation leadership at a time when the Presidency was disabled.

This solid performance by the 93rd Congress is much better than many people had thought. In view of the intensive media coverage of Watergate, they believed, quite understandably, that the Congress was doing

nothing but dealing with Watergate and impeachment.

Nevertheless, the majority of Americans (54%) still give the Congress a negative rating, and nearly two-thirds of the electorate say Congress does not inspire confidence in government. It is interesting to note that the only time Congress has had a positive rating in the last decade was when it was passing the programs President Johnson sought in the early 1960's.

It may be that Congress cannot provide the kind of dynamic and comprehensive leadership the people want and apparently expect. A number of political and organizational realities limit the role that the Congress can play. These realities include the sheer weight of the work load of the Congress, the complexity of the issues with which the Congress deals, and the difficulties of developing a consensus on these issues. Each year the Congress deals with over 25,000 pieces of legislation, appropriates over \$300 billion, and oversees the vast interests of the federal government. It does this with insufficient staff support, meager information resources and limited computer assistance, while trying to reach a higher level of agreement, by accommodation and compromise, among 535 strong-willed politicians who represent vastly different constituencies. At the same time the Congress seeks to buttress the law it eventually enacts by the process of discussion and consensus building so that the law will be acceptable to, or at least tolerable for, most groups and individuals in the nation.

An appreciation of these limitations will help in understanding what the Congress can and cannot accomplish. Given these limitations and the difficult political climate of these last two years, the Congress has performed tolerably well, although there is obviously much room for improvement.

TRIBUTE TO CLIFFORD G. McINTIRE

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. BELL. Mr. Speaker, it is with great respect that I join my colleagues in a tribute to the memory of Clifford G. McIntire, an able representative in the Congress for 10 years.

This unfortunate occasion brings with it a sense of acute loss at the passing of such a distinguished former colleague.

Throughout his career, Clifford McIntire lost no opportunity to acquaint himself thoroughly with the problems and needs of his constituents. By coordinating his administrative abilities, his practical knowledge of agricultural affairs, and his untiring concern, he served those needs well. The rural regions of Maine, in particular, should be much indebted to Cliff McIntire for his invaluable assistance in the formulation of agriculture legislation and programs of rural development. His single-minded dedication to the people he represented earned for him the respect of his colleagues and the privilege of serving the administration in several advisory capacities.

Consequently, I wish to extend my sincere condolences to Clifford McIntire's widow and to other members of his family.

JOSEPH F. LESTER, A HUMANITARIAN

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. FLOOD. Mr. Speaker, I have known Joe Lester for many years as a leading businessman, a humanitarian, and as a close friend. I was, therefore, most gratified to read a column in the Wyoming Valley, Pa., Observer of October 13, 1974, written by Rena Baldrice, which highlights this outstanding man's long career. As a long time friend of Mr. Lester's, it gives me a great deal of personal pleasure to have the aforementioned column inserted in the RECORD.

The column follows:

ANTHRACITE VALLEY NEWS

(By Rena Baldrice, Columnist)

From time to time my column has been the source of information on individuals or events long forgotten by the general public. Today we featured facts about one gentleman, Mr. Joseph F. Lester of Trallwood, Bear Creek. His love of humanity, spreads benevolence among his fellow man. His integrity and concern in his beliefs, should be brought to light.

For the many years Mr. Lester has donated his time and efforts to the cause of humanity. We people as a little group, made up of several nationalities, have a chance to pay tribute to a self made man, an active crusader in the cause of freedom.

In April of 1955, he was honored by Kingston Businessmen's Association who formally conferred on Mr. Lester the "Man of the Year" award. He served on the Committee of One Hundred to bring industries to the Valley.

During World War II, Mr. Lester formed a committee to sell War Bonds and was credited for selling over 6 million dollars worth of United States Savings Bonds. Mr. Lester is a civic-minded person, who has always tried to repay his debts to America and Wyoming Valley for his success in his adopted country.

Mr. Lester was born in the North Eastern part of Poland near Krakow. He was educated in Poland and came to America in his late teens.

After working as a bus boy, a waiter, a photographer, a newspaperman, and a car salesman, in 1920 he came to Wilkes-Barre and worked as a salesman for W.B. Chevrolet Co. In 1924 he was given the franchise for a Chevrolet dealership in Luzerne. He moved his business a year later to Kingston, and there remained until he retired.

In 1928, General Motors Export Co. sent Mr. Lester to Poland, where he directed the opening of General Motors Assembly Plant in Warsaw, Poland, which is still operating.

In 1936, the flood having ruined the building his business was in, he changed his franchise from Chevrolet to Pontiac. In 1949 he constructed the Pontiac Automobile establishment on Pierce St. in Kingston. His trade name was Lester Pontiac Co.

He is Life Member and director of the Wyoming Valley Motor Club, Director of the Wyoming Valley Veterans Association Army Ordnance Association, and a member of the YMCA. He recently retired as a trustee of Wilkes College. He is a past president of the Pennsylvania Heart Association, Director and past president of the Tatra Club. In 1938 he received the highest award, the Order of Polonia Restituta from the President of Poland, for unselfish devotion to his fatherland.

In 1963 Congressman Dan Flood and Joseph Lester helped christen the nation's 53rd nuclear submarine in memory of General Casimir Pulaski. The move was approved by the late President John F. Kennedy. The Casimir Pulaski is equipped to fire missiles with a range of 2,500 miles, a strong defender in the cause of freedom.

Mr. Lester is retired having spent 35 years as an automobile dealer.

He has been elected for the past 7 years as national president of the General Pulaski Heritage Foundation and trustee co-founder of Kosciuszko Foundation, New York.

With the help of Cong. Dan Flood, Mr. Lester has directed the construction of an American Research Hospital for the children in Poland, more specifically the city of Krakow.

Mr. Lester's efforts have been here and in Poland. His generosity merits the badge of distinction, because, one must not forget that compassion, especially when children are involved and helped, must be recognized by it here or in any foreign land.

His help to the blind children in Krakow, gives him the right to be called a Humanitarian here and in Poland.

THE CIA: CHILE AND ELSEWHERE

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. HARRINGTON. Mr. Speaker, in an editorial published in the Christian Science Monitor of September 19, 1974, Charles W. Yost offers some valuable insights on the subject of covert operations and their influence on the United States standing in the international community.

Focusing on the role of "dirty tricks" in a generally acknowledged post-cold war period, Mr. Yost examines the question of our national interest, the various interpretations which are attached to that phrase and the discrepancies among those interpretations.

As a member of the Foreign Affairs Committee, the relationship between the Central Intelligence Agency's covert activities and this Nation's foreign policy are of particular concern to me, and I commend the article, which is printed in full below, to the attention of my colleagues:

THE CIA: CHILE AND ELSEWHERE

(By Charles W. Yost)

NEW YORK.—Is it not high time that the United States Government, Congress, and people drew some operative conclusions from the repeated and embarrassing public predicaments in which the CIA has involved them over the past 15 years?

The most recent debate on the subject arises from the avowal by the director of the agency that it did expand considerable sums in Chile to prevent Allende's accession to power and, after he had nevertheless acceded, to weaken or undermine him.

I have not had an opportunity to examine the record sufficiently to judge whether, as claimed, other witnesses misled congressional committees on this point, though there certainly is prima facie evidence that they were not wholly candid. I should myself, however, support the U.S. Government's contention that, whatever the CIA may or may not have done in Chile, it did not "overthrow" Allende.

Allende was overthrown by Chileans. He never at any time had the support of the majority of the people. He was overthrown because he and his more radical adherents alienated, frightened, and ultimately radicalized in the opposite sense the unconverted majority, particularly its most powerful element, the military.

It is necessary to make this point in order to clarify the broad issue—whether admitted CIA activities in Chile, even if they played no substantial part in the overthrow of Allende, were in the national interest of the U.S. I would argue that they were not.

American and other Western spokesmen have for the past half century been pointing out that, while the Marxist revolutions in the Soviet Union and elsewhere were no doubt directed to noble ends, the atrocious means so often employed grossly distorted and even vitiated those ends. Yet since the onset of the cold war the U.S. has taken a leaf out of the Communist book and too often resorted to means so shabby we dare not avow them. In the long run this does not pay.

Ignoble means debase and demoralize the actors, corrupt and brutalize those acted upon and, in so doing, transform and disintegrate the end itself. This is as true for democrats as for Communists.

The consequence of a quarter century of "dirty tricks" by the CIA, that is, the U.S. Government, has been to make the agency throughout the world a symbol for unscrupulous intervention in other people's internal affairs and hence often to undermine, rather than to serve, the objectives of U.S. foreign policy.

We see how it is almost universally believed in Greece that the CIA inspired the July 15 coup in Cyprus which set in train the subsequent disasters. I believe this is a mistaken judgment, because upsetting the status quo was so obviously counter to U.S. interest. But the fact it is plausible to suppose that the CIA might have inspired the coup if it had been in the U.S. interest lends color to the accusation.

A New York Times story last week quotes a telegram from the U.S. Ambassador in Delhi to the effect that the recent revelations about CIA activities in Chile have confirmed the worst suspicions of the Indians about that agency and caused Indra Gandhi to wonder whether the Indian Government may not be the next target for elimination. This is hardly the image of its foreign policy and practice the U.S. Government should wish to see widely held around the world.

Supporters of CIA activities of this kind think of themselves as "hard-nosed" realists. The Bay of Pigs is one instructive example and Gordon Liddy's little operation at Watergate is another.

The fact is that "dirty tricks" conducted by agents of the U.S. Government very rarely serve the national interest of the United States, even if one interprets these interests in strictly "cold-war" terms. Experience has shown that they cannot be adequately "controlled" within the executive branch, because it is so often the controllers, as in the case of the Bay of Pigs and perhaps of Chile, whose perceptions and judgments are at fault.

Vietnam has tragically demonstrated the limitation on the capacity of the U.S. to determine the structure of an alien society even by a massive injection of armed force. How much less likely that America could hope to do so by clandestine operations. The U.S. can, no doubt, occasionally contribute to the rise or fall of a particular government or politician, but over the longer run indignant forces, which it cannot control, will determine whether this superficial change has any lasting effect.

In referring at a public meeting in Washington last week to proposals that CIA abandon its covert action programs, director Wil-

liam Colby said: "In light of current American policy, it would not have a major impact on our current activities or the current security of the United States."

While the triple use of the word "current" is ominous, this statement is mildly reassuring. It is to be hoped that the President and Secretary of State will be persuaded that, in the broader perspective, these "dirty tricks" do more harm than good to the national security and should be phased out.

AN UNUSUAL FELLOW—THE HONORABLE LUTHER HARTWELL HODGES

HON. IKE F. ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. ANDREWS of North Carolina. Mr. Speaker, earlier this month, on Sunday, October 6, my State, our Nation, and the world suffered a great loss with the death of Luther Hartwell Hodges.

He served long and well—as a top executive with Marshall Field & Co., as Lieutenant Governor and then Governor of North Carolina, as Secretary of Commerce under Presidents John F. Kennedy and Lyndon Baines Johnson, as president of Rotary International, as chairman of the board of the Research Triangle Foundation.

Earlier, in the 1930's, he was appointed to the State highway commission by Gov. J. C. B. Ehringhaus, and, during World War II, he served as head of the textile division in the Office of Price Administration.

It was my privilege to serve in the North Carolina State Senate in 1959 when Governor Hodges was rounding out the longest tenure of any North Carolina chief executive. We became friends at that time, and our friendship continued until the day he died at his home in Chapel Hill.

For the benefit of my colleagues I am including in the RECORD some of the editorial tributes to Governor Hodges that appeared in some of the North Carolina newspapers.

They sum up the man—his life, his careers, his long service—quite well, and to them I would like to add a recollection that was somehow overlooked and largely forgotten, I imagine, by those who have joined in paying editorial tribute to this exceptional man.

My recollection, which has been verified by Mr. Ed Rankin, who was administrative assistant to Governor Hodges, was that during the fifties he advised Mr. Rankin and others that it was his personal preference that no bridge, building, park, highway, or other permanent structure be named for him during his lifetime.

Governor Hodges was one who put greater stock in intangibles—truth, love, and human spirit—than in brick and mortar.

He was one who appealed to others to serve unselfishly, one who spurred others on to help their fellow human beings, one whose exemplary life was

such that he lives on through those of us who knew and loved him.

Governor Hodges was an alumnus of the University of North Carolina at Chapel Hill, a member of the class of 1919. He was a student there along with the late author Thomas Wolfe, the retired newspaperman Jonathan Daniels, and our distinguished senior Senator, the Honorable SAM J. ERVIN, JR.

It is a fitting tribute to Luther Hartwell Hodges that his beloved alma mater is establishing in his memory—not a dorm or classroom building—but a professorship in business ethics.

The editorial tributes to Governor Hodges follow:

[From the Asheboro Courier-Tribune, Oct. 9, 1974]

AN UNUSUAL FELLOW

Luther Hodges was an unusual fellow. He never really retired nor showed any signs of preferring inactivity to public service of one nature or another.

Every North Carolinian knows the Horatio Alger story of Mr. Hodges' climb from the tenant farm to the corporate boardroom. "Retiring" from an executive position with Marshall Field textile mill chain, he ran for lieutenant governor and succeeded to the governor's office upon the death of Gov. William B. Umstead in 1954. He won a term in his own right two years later and served the longest of any North Carolina chief executive, six years.

It was a distinguished governorship. No schools were closed during these turbulent years nor was there racial violence in the wake of the U.S. Supreme Court's ruling which knocked down racial barriers in American schools. A consummate salesman, the governor's sales pitch for North Carolina-made products skirted the ridiculous, especially when he posed in a shower wearing a wrinkle-free suit.

But it was the kick in the seat of the pants the state needed. After all, business means jobs—and that's something the governor—who rose from the poverty-stricken ranks—understood.

"Operation Bootstrap" we remember as a sort of huckster promotion to attract industry into the state, but it wasn't a failure considering the state's relatively healthy state with a stable industrial mix. The governor will share a bit in our success of late in depicting the state of North Carolina as a good place to work and live.

He represented all that was good in the state. The mixture of salesmanship blarney, common sense and public decency which were all part of the Hodges image were good for the state.

And Horatio Alger lives! Other sons of tenant farmers should look to the example Luther Hodges set during the productive rags-to-riches lifetime.

[From the Durham Morning Herald, Oct. 8, 1974]

GOV. LUTHER HODGES

We need not repeat in these lines the long and impressive list of contributions that former Gov. Luther Hodges, who died Sunday, made to life in North Carolina.

Few would deny that he was one of the state's most distinguished and successful governors, businessmen and citizens. In his long career, he seemed almost to personify that which is best about North Carolina.

When he ran for lieutenant governor in 1952, he campaigned as a businessman, not as a politician, who wanted to bring good business principles to state government. Yet he became an exceptionally adroit politician, a politician in the best sense, whose high ethical sense, energetic devotion to progress

and insistence on the sane, sensible middle way helped to bring North Carolina through the turbulent 'fifties in good shape.

He did not personally believe in the desegregation of the schools, but North Carolina was lucky to have him as governor when the first token desegregation came to the state. The Pearsall Plan adopted under his governorship, was an astute exercise in compromise during an uncompromising time. It saved the state from the futile resistance of the kind undertaken in Virginia, yet it was never invoked to close a school or to pay the private tuition of a single North Carolina student. It set the stage, as much as anything else, for North Carolina's entry into the even more drastic social revolution of the 'Sixties.

Former Gov. Terry Sanford summed it up best, perhaps, when he said. "His courage and sense of fairness and enlightenment calmed the angry seas of racial strife and established North Carolina as a model for the nation."

Gov. Hodges was also a model for the genre from which he sprang, the nation's industrialists and businessmen. But the enormous energy he invested in bringing industry to North Carolina, the Research Triangle Park and his own successful business career marked only one aspect of the man. As governor, as secretary of commerce, as an author and a speaker, he continued right up until the closing days of his life to emphasize that businessmen not only have a duty to make money—they have a responsibility to do it honestly and to contribute to the social welfare of their community and nation.

Luther Hodges was a conservative in a basically conservative southern state. But his was an enlightened, creative conservatism which never ceases to grow and which builds upon the best that we have. North Carolina was fortunate to have his energy, his sure-footedness and his inspiration in her service for such a long period of time.

[From the News and Observer, Oct. 8, 1974]

LUTHER HODGES LIVED A FULL LIFE

When Luther Hodges ran for lieutenant governor in 1952, a lot of people thought him just another retired businessman looking for something purposeful to keep busy. The notion sprang naturally from his arduous climb from tenant farmer's son to \$75,000-a-year executive of the Marshall Field textile mill chain.

But unlike many young men who pursue success and attain it in maturity, Hodges was neither tired nor overly impressed by achieving it. He retained a young man's sense of vigor, optimism and openmindedness. He regarded retirement as merely a different set of circumstances for more growth and achievement.

Hodges won that lieutenant governor's race as a novice politician because he worked hardest at learning public affairs and campaigning for votes. And hindsight tells us that if Gov. William B. Umstead had not died two years later, propelling Hodges to the governorship, Hodges very likely would have earned it in his own right. Indeed, he did win a full term in the 1956 gubernatorial election.

Those were the turbulent years of school integration in the South. Though some of us sharply questioned the "safety valve" plan which Hodges promoted in North Carolina, it closed no schools. This state escaped the racial violence he counseled against, too.

Industrial promotion and economic development most marked his years as governor. Hodges was comfortable in the board rooms and the waiting rooms as a salesman for his state. Often he was successful. He pursued many avenues. He prevailed on the legislature to cut taxes for corporations. He cooperated for a series of pictures for Life magazine, promoting North Carolina products.

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(One of the photos showed him in a wrinkle-free suit taking a shower, another showed him hitching his well-pressed pants over his North Carolina-made underwear.) The gimmickry was a sidelight to substantive economic leadership such as founding the Research Triangle Park.

He learned to be a politician. He preferred Lyndon Johnson at the 1960 National Democratic convention. He became an indefatigable campaigner for John F. Kennedy, and later launched yet another public service career as U.S. secretary of commerce.

In 1964, he came back for another retirement and another decade of work for the Research Triangle and other North Carolina causes. Few men in this state's history lived so fully as Luther Hartwell Hodges.

[From the Raleigh Times, Oct. 7, 1974]

GOV. LUTHER HODGES SERVED NORTH CAROLINA WELL

Luther Hodges, who died yesterday after suffering a heart attack at his home in Chapel Hill, was the epitome of the American success story.

Starting his career as a mill hand he went on to become governor of North Carolina.

He was born in Pittsylvania County, Va., March 9, 1898, but his early life was tied to nearby Leaksville, N.C., where the family moved when he was two. His father worked in the textile mills there. Hodges himself worked as an office boy in the mills 1910-1911. He also worked as a mill hand during summer vacations. He obtained an AB degree from the University of North Carolina at Chapel Hill in 1919 then went to work as secretary of the general manager of the Leaksville mills.

Hodges went on to become general manager of the Marshall Field and Co. mills in 1938 and was made vice president of the company in 1943. He retired in 1950.

He was active in the Rotary Club and was a member of the Highway Commission under Governor Ehringhaus in the early 1930s. Hodges took part in Democratic Party politics at the precinct and congressional district levels.

But he was a political unknown when he decided to run for lieutenant governor in 1952.

He set out to change this. He told friends later that during the campaign he never bought more than one-gallon of gasoline at a time. He'd pull into a service station, buy a gallon of gas, shake hands all around and say "I'm Luther Hodges. I'm no politician, but I'm running for lieutenant governor. I'd appreciate your vote." Then passing out cards he'd move on to the next service station or restaurant where he'd go through the routine again.

Although he was a definite underdog, he won. He became governor Nov. 7, 1954, when Gov. William B. Umstead died.

He finished the term, then was elected governor on his own Nov. 7, 1956 and served until Jan. 5, 1961. He thus served longer than any governor in this century.

By moving from an unknown to governor, Hodges showed that it was still possible to beat the bushes and get elected without the backing of a political machine.

Hodges was appointed secretary of commerce by President Kennedy and continued the post under President Johnson.

As governor, Hodges advocated the so-called Pearsall Plan as a safety valve toward integration in the state's schools. At the same time he said he hoped it would never be used.

Before it was struck down by the federal courts it allowed closing of schools under certain conditions and allowed the state to grant tuition to students not wishing to attend racially mixed schools.

It was passed by the legislature and okayed by the voters but was never used.

Hodges once told an interview "I consider the calm manner in which North Carolina handled its integration problems the number one achievement of my administration. It also was the thorniest problem."

He'll be remembered for the formation of the Research Triangle which he and banker Robert Hanes of Winston-Salem pushed to entice high quality industry into the state. Hodges wished to create jobs for persons leaving the farms.

Hodges was dignified and looked every bit the part of the governor. Yet he posed in his underwear for a Life photographer in a move to help the state's industry.

He was a man of action, a man needed for the times. He continued to be active right up to the end. He will be missed by North Carolina and particularly the Research Triangle area.

[From the North Carolina Leader, Oct. 15, 1974]

PURPOSE

Before they were married a few years back, Mrs. Luther Hodges told the Leader, "The Governor is, in so many ways, about the youngest person I've ever known."

Anyone who came in contact with this remarkable man had to agree.

He was a man of action with a probing mind and vision about the future of North Carolina.

Just a few weeks ago, we heard him explain Research Triangle Park—its reason for being—to members of the Chapel Hill Rotary Club, which he founded.

"We wanted to raise the income level of North Carolina and keep the young men and women educated in our schools at home instead of having them seek higher paying jobs in the North or West," he said.

Prof. Joel Carter of the University of North Carolina faculty whispered, "Any meeting is enhanced just by his being there. He has such integrity!"

Former Gov. Luther Hodges' integrity, dedication and purpose were a beacon light in the development of Research Triangle Park.

The Leader, as the Research Triangle's newspaper, enjoyed a unique, joyful relation with him. We weren't around him a great deal, but interviews with him were fun; his quick-witted mind supplying the answer to the next question before it was spoken.

His wife, Louise, brightened the last years of his life. They were almost inseparable.

We remember one autumn morning seeing them stroll together with Louise Hodges reading aloud from a book.

"What book are you reading?" we asked. Governor Hodges chuckled and supplied the answer.

"It's a joke book," he confessed. And we thought he knew all the jokes!

He lived to see his dream come true in Research Triangle Park. However, as he himself reminded people in a special article he wrote for the Leader in 1969, the "unremitting dedication" of North Carolina citizens is always needed to see that things keep happening in Research Triangle Park.

MANPOWER POLICIES FOR A NEW ADMINISTRATION

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, the National Manpower Policy Task Force recently completed a policy

statement of substance and importance. For the information of my colleagues, I want to share this statement with them for their review and thought at this point:

MANPOWER POLICIES FOR A NEW ADMINISTRATION

The beginning of a new administration is an appropriate time for reviewing past policies, assessing current conditions, and analyzing future needs. The National Manpower Policy Task Force offered its assessments and recommendations at the beginning of the Nixon administration, hopefully with some positive impacts. In this policy statement, we briefly review the manpower policies of the last six years, and offer unsolicited advice to policymakers in the Ford administration and in Congress.

PAST PERFORMANCE

The major manpower policy thrusts of the Nixon years were the decentralization, decategorization, and consolidation of manpower programs. These were ultimately combined in the passage of the Comprehensive Employment and Training Act in December 1973. A solid achievement, it was the right approach for the right time. The initial impetus for manpower programs was necessarily national, but with a decade of experience to build upon, the time had come to adopt the results of that experience to the particular needs of local labor markets. The passage of the Comprehensive Employment and Training Act was only a first step. A major effort will be required before the chief elected state and local officials will acquire a full appreciation and understanding of manpower problems and before state and local manpower staffs will develop the necessary planning and administrative skills.

The Department of Labor, which retains federal responsibility, has several difficult assignments. It must continue to confront some manpower issues which are national in scope, such as the problems of youth, older workers, and veterans, and accept responsibility for aiding migrant workers, Indians, and others whom state and local government cannot, or would not, effectively serve. It also must maintain a monitoring and evaluation role to assure that national objectives specified in the Comprehensive Employment and Training Act are pursued, and to provide technical assistance without "hovering" over state and local decisionmakers.

The Nixon administration left office with another important, but unfinished, accomplishment to its credit—the introduction of a plan to reform the welfare system. Earnings from employment is the preferred source of income in the American, as in any other society, but a basic floor of economic security should be a social right of all citizens in an affluent society. A guaranteed minimum income accompanied by work incentives and income supplements for the working poor appears to be a desirable way to accomplish the goal. While the Nixon administration faltered in its commitment before Congress might have acted, important groundwork was laid in formulation of the concepts and education of the public.

In other manpower policy areas, the Nixon administration's record was mixed. It opposed the introduction of a public employment program as a countercyclical device and as an initial small step toward guaranteeing employment. However, once Congress insisted, the executive branch followed through with vigor and determination in its administration of the program.

On the negative side, the administration was responsible for cutting back badly needed budgetary support for manpower services as well as community antipoverty agencies which had gained valuable experi-

ence as deliverers of manpower and social services. It contributed to spreading a negative image of manpower efforts, far beyond what was justified by evaluation data. Budget retrenchment made the decentralization of programs to state and local officials more difficult as they faced the unwelcome task of breaking a smaller loaf among an increasing multitude of potential clients.

THE CURRENT SCENE

The Ford administration faces difficult manpower challenges. The most immediate issue is to cope with the problems of unemployment and inflation. Joblessness is rising to socially and politically unacceptable levels, yet "double digit" inflation persists, a pace never before known in peacetime. Traditional methods of fighting inflation have always visited their major costs on those least able to bear them—those already at the lower margins of the labor market. Strong voices in the federal establishment and outside continue to advocate fighting inflation with insufficient regard for rising unemployment. But the current inflation did not originate with labor shortages, excess labor market bargaining power, or excess demand. Labor market bargaining power is now obviously a factor, but it must be recognized as an effort to "catch up" after remarkable restraint. We believe that the use of weapons with adverse labor market impacts to fight an inflation which counts no labor market phenomena among its causes will be costly, ineffective, and above all, inequitable. Yet, the pace of inflation must be slowed, and we have no pat answers how to deal with the situation.

One thing is certain, however. Increased monetary and fiscal restraint will further boost the already high levels of unemployment. Whatever policies are adopted, we believe that society has a clear responsibility to protect and compensate those who bear the burden of national policies aimed to reduce inflation for the rest of us.

Unemployment compensation and public assistance benefits are first line defenses. President Ford's proposal to bolster unemployment compensation by extending regular benefits 13 weeks and implementing a special program of up to 26 weeks for workers who qualify for compensation on the basis of employment and earnings but who are not in covered industries, are necessary and timely steps, but not enough. Except for those for whom gainful employment is not a reasonable alternative, income support is not desirable. To idle willing hands is no way to fight an inflation originating in shortages. Public service employment was sufficiently successful under the Emergency Employment Act of 1971 to win the approval of liberals and conservatives alike. It makes sense because it maintains productive activity and output. It is less costly than often supposed because its expenditures are partly offset by savings in income maintenance programs. Creation of public service jobs is less inflationary than the customary "trickle down" approach of creating employment by generating aggregate demand for goods and services. It requires minimal capital investment and rations its jobs directly to the unemployed. While public employment measures could become a disguise for unproductive income maintenance and could replace other public budgetary commitments with no real increase in jobs, these abuses can be minimized by prudent public administration. The major issue is not whether to introduce public employment programs, but on what scale. The Task Force has previously recommended a public service employment program providing work for one quarter of the unemployed above 4.5 percent, with an automatic "trigger" releasing funds for use in depressed local labor markets as national

unemployment rates increase. The Ford administration's plans for a Community Improvement Corps to hire unemployment insurance exhaustees for short-term public works and beautification projects emphasize temporary, work-relief at low wages. An annual average of over 1.8 million persons exhausted benefits in the past three years, and there may be many more in the coming year. If a plan is adopted which provides jobs for a large proportion of these unemployed, it could be a very useful tool. But the Community Improvement Corps is not a substitute for an expanded program along the lines of the Emergency Employment Act which served a broad range of the unemployed and funded needed "regular" jobs above as well as at the entry level, thus insuring transitional opportunities. Provision should be made not only for those who exhaust compensation benefits, but for those who lose their jobs and want to continue working. President Ford's proposal might complement an expanded public employment program along the lines initiated in 1971 subject to a 4.5 percent trigger funding formula.

Public service employment is only a piece of an antistagnation manpower policy. A recession is also an appropriate time to upgrade the skills of the labor force. The costs of training otherwise unemployed people are reduced by the drop in their foregone earnings. Trainees are not tempted by job availability to drop out before completion of training courses, and employers are not likely to raid the training facilities. Program administrators are not so anxious to reduce training time to the minimum, and substantial skills can be provided. Training must remain a central component of manpower policy.

The public employment service is a necessary cornerstone of our manpower efforts. Important improvements have been and are being made to augment its ability to serve both employers and jobseekers. Experiments have demonstrated that, in addition to its direct placement functions, it can do more to spread job market information and improve the abilities of employees and employers to exercise their own initiative in the job market. Shortening the duration of frictional unemployment is an obvious contribution to reducing overall unemployment. Vigorous steps are, therefore, needed to increase the effectiveness of the public employment service and to fully utilize its resources under CETA.

Despite notable progress in the last decade, race, sex, and age discrimination still persist. Differences in skill, experience, productivity, and labor market mobility account for only a portion of the high average unemployment (and lower earnings) among minority groups and women. The immediate goal should be to eliminate market discrimination to assure that persons with equal skills and abilities are treated equally. In the longer run, differences in training, education, and work experience must, then, be attacked. A more vigorous antidiscrimination policy and enforcement is needed both in the short- and long-run to achieve these aims.

Finally, continued research is needed into the functioning of labor markets. The current economic crisis has suggested how much there is still to be learned. Research is a long-range investment, not to be cut back in short-run emergencies. The limited funds invested in labor market research have been carefully husbanded and for the most part wisely spent. Advancing the frontiers of knowledge and experimenting with new approaches are high risk activities where failures are more likely than successes. Yet, there is no other road to progress. Continued research into improving productivity and labor market efficiency is an indirect but not

unimportant weapon against both unemployment and inflation.

THE LONG-TERM CHALLENGES

In addition to pressing immediate needs, longer-range challenges also cannot be ignored. The American people, guided by (or guiding) every administration since World War II, have made Herculean efforts to upgrade the quality of the nation's human resources. That expenditures on education have risen from \$6 billion to over \$100 billion a year is only one gross indicator of those efforts. With a vast deficit in human resource development stemming from a severe depression and a major war, followed by a rapidly changing technology, the corrective action was timely and positive. As a result, no persistent skill shortages remained even during the tight labor markets in the past decade. In the 1970s circumstances have changed, and imbalances in the supply of and demand for skilled and highly-educated manpower are becoming a more and more frequent occurrence. In a society where freedom of occupational choice is an unchallenged right, planning and information are needed to guide human resource investments in order to maintain a balance between supply and demand and to avoid wasteful surpluses or shortages.

Accompanying that investment in human resource development was the challenge of absorbing into the work force the swelling cohort of youths, the product of the high postwar birth rates. That group has now passed through the years of formal education. Continual improvements in the quality of preparation given youth for productive lives will be needed, but the quantifiable challenge is a declining one. However, human resource development needs do not end with a high school or college diploma. Whether because of changing technology and social priorities or due to the changing occupational preferences of maturing workers, a need for institutional facilities to provide recurrent education—upgrading and mid-career changes—will be a continuing challenge in which the efforts of individuals, public institutions, and employing organizations must join. Opening second or subsequent careers and other productive outlets for the persisting energies of the longer-lived population and assuring that educationally disadvantaged people are not left out, are parts of that same challenge.

In the long run, increased productivity is the major route to raising living standards. Much has been learned by employers about motivating employees, but little of it has been applied in public policy. The new career education emphasis relating schooling to work can be expanded for adults as well as children and youth. Areas of particularly slow productivity growth can also be identified and attacked.

As another ever-present long-range challenge, we always have the poor with us. Manpower programs have helped many individuals to surmount the handicaps they have faced in job market competition, but someone is always at the end of the line. The task of helping them is a never-ending, but an essential one. Current efforts to improve the efficacy of the remedial manpower system which evolved over the last decade should not obscure its fundamental mission—to provide a helping hand to those who are falling in or being failed by the labor market.

Finally, there remains the challenge to design a system that would provide adequately for those who cannot support themselves, but without destroying incentives for the able-bodied to contribute to their own maintenance. Work and welfare have typically been portrayed as mutually exclusive alternatives. For an increasingly large pro-

portion of the population, however, the choice is not work or welfare, but work and welfare. The need is to provide income supplements to the working poor with a decent support for all at a level which is compatible with an affluent society.

A MANPOWER AGENDA

In summary, this is no time to slacken human resource development efforts nor to visit the costs of anti-inflation efforts upon those who have been less the villains and more the victims than others. Despite the occasional stumblings of trial and error and fluctuations in commitment, the manpower experience overall has been one of persistent progress. That progress should continue with:

1. Augmentation of decentralized planning and administrative capabilities under federal policy guidance.
2. Compassionate efforts to promote self-support methods of income maintenance, combining, where necessary, work with welfare, rather than treating the two as separate systems.
3. Priority of improving the employability and employment opportunities for those facing disadvantages in their competition for jobs.
4. Vigorous antidiscrimination enforcement.
5. Long-range investment in human resource development including early and recurrent career education for adults as well as youths.
6. Expansion of public service employment as both a countercyclical tool to protect the unemployed and as a transitional process for the disadvantaged.
7. Continued emphasis on training and retraining during the recession to take advantage of immediate lower costs and to spark productivity during recovery.
8. Search for other opportunities to increase productivity and reduce labor costs.
9. Research into labor market behavior and institutions.
10. Most of all, recognition that the current inflation did not start in the labor market and cannot be cured there.

These general principles, implemented programmatically based on a dozen years of experience with manpower policy, can, we are convinced, contribute both to short-run problem solution and long-run national progress. They can be the basis of wise manpower policy for a new administration.

The National Manpower Policy Task Force is a private nonprofit organization of academic manpower experts. It is devoted to the promotion of research in manpower policy. This statement represents the combined judgment of the Task Force members. Despite divergence of opinion on details, the members agreed to a unanimous statement without indicating individual exceptions.

TASK FORCE MEMBERSHIP

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HUMANITIES ENDOWMENT'S "COURSES BY NEWSPAPER"

HON. JOHN BRADEMAs

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. BRADEMAs. Mr. Speaker, as the chairman of the Select Education Subcommittee, which has jurisdiction over the National Foundation on the Arts and the Humanities Act, I want to bring to the attention of my colleagues the Courses by Newspaper program supported by the National Endowment for the Humanities.

The program makes available, through 200 newspapers, weekly 1,500-word lectures by a faculty of nationally and internationally known scholars. It is estimated that the newspapers reach 20 million Americans, and that 15 million of them have read one or more of the lectures.

In addition, Mr. Speaker, 180 colleges and universities last year offered credit for successfully passing a test based on the full 18-week lectures, and almost 5,000 students enrolled for credit.

Mr. Speaker, the Courses by Newspaper program was conceived of last year as a pilot program involving five newspapers and five colleges and universities.

But the response has been extraordinary, leading to the involvement of 180 institutions of higher education and 200 newspapers such as the Decatur, Ala., Daily; the Honolulu Advertiser; the Elkhart, Ind., Truth, in my own congressional district; the Boston Globe; the McGuire, N.J., Airtides and others.

Because this important program, supported by the National Endowment for the Humanities, will be of interest to every Member of Congress, I insert, at this point in the RECORD, a description of the Courses by Newspaper program from the September 30 Chronicle of Higher Education:

"COURSES BY NEWSPAPER" STARTS ITS SECOND YEAR

(By Beverly T. Watkins)

Readers of some 200 newspapers will have an opportunity this week to brush up on their American history—for college credit if they wish—as "Courses by Newspaper" begins its second year.

Part of a projected trilogy keyed to the forthcoming American Bicentennial, the 1974-75 course, "In Search of the American Dream," will offer 18 "lectures" through both daily and weekly newspapers nationwide.

The first course, the 20-week "America and the Future of Man," had appeared in 273 newspapers by the time the 1973-74 academic year ended.

Some 126 institutions, including two-year and four-year colleges, universities, and college extension programs, will offer academic credit for the second course. Almost 5,000 students enrolled last year at the 180 institutions that offered credit.

SUPPLEMENTARY LEARNING KIT

Courses by Newspaper, developed and coordinated by the extension division of the University of California at San Diego, offers weekly 1,500-word lectures by a "faculty" of nationally known scholars to newspaper students numbering in the millions. If they wish, readers may purchase a supplementary learning kit that includes an extensive reader, a study guide, and self-tests.

"In Search of the American Dream," will focus on the persistence . . . of the utopian spirit that animated this country's beginning," according to Robert C. Elliott, professor of literature at the university and academic coordinator of the program. Course content will span American history from "Columbus Discovers Utopia," the first lecture, through "Crisis and Continuity: the 20th Century" and "Now and History," the concluding lectures.

The authors, in addition, to Mr. Elliott, who wrote the introduction and first lecture, include Winthrop Jordan, University of California, Berkeley; Michael Kammen, Cornell University; William Goetzmann, University of Texas; Jay Martin, University of California at Irvine; and Robert Penn Warren, Yale University.

The project to distribute college-level material through the country's most widely read medium almost overwhelmed its developers with its success last year, according to Caleb A. Lewis, director of media programs at the University of California at San Diego's extension division and project director for the newspaper courses.

An evaluation of the 1973-74 program by a researcher at California State University, San Diego, revealed that more than 75 per cent of the potential readers had read some of the lectures.

For all its success, however, Courses by Newspaper has not been without problems. And, although it has benefited from its experience, the project faces a dilemma this year that may not be easily resolved.

Courses by Newspaper, financed by the National Endowment for the Humanities with additional support last year from the Exxon Education Foundation, was developed primarily for those who don't participate in higher education, according to Mr. Lewis.

"We wanted to reach those who aren't involved because education is unavailable; those who are afraid of education because of some past experience or because they feel it is all beyond them because [they feel] they are so stupid," he said.

PROJECT EXPANDS GREATLY

What was conceived as a modest undertaking to expose the unexposed to higher education exploded into a project that also involved people with formal higher education but no degree, degree-holders, senior-high-school students, and even some university graduate students.

The pilot study planned for five selected newspapers and five matching colleges expanded into a project that included such diverse papers as the Decatur (Ala.) *Daily*, Denver *Post*, Honolulu *Advertiser*, Elkhart, (Ind.) *Truth*, Boston *Globe*, McGuire (N.J.) *Airtides*, Kansas City *Star*, Tullahoma (Tenn.) *News*, and the Seattle *Post-Intelligencer*, plus nearby colleges.

At the end of the year, 4,974 people had enrolled for credit at participating colleges and an additional 6,630 had purchased the learning kit at \$10.

Following a telephone survey of newspaper subscribers in five cities—San Diego, Denver, Shreveport, La., and Huron and Chamberlain, S.D.—Oscar J. Kaplan, director of the Center for Survey Research at San Diego State, estimated that of the potential 20 million readers nationwide, 15 million had read one or more of the lectures. The poll showed that 35 per cent of Chamberlain *Register* readers and 27 per cent of Huron *Daily Plainsman* subscribers had read "Amer-

ica and the Future of Man," which was second in popularity only to "Dear Abby."

Although no figures are available on the number of students who actually received credit for the first course, 1,769 took a difficult 30-item multiple-choice final examination. Some traveled many miles to complete it.

"We had one student who went from Jackson Hole (Wyo.) to Salt Lake City and another from Nova Scotia to the University of Massachusetts," said Mr. Lewis.

The overwhelming response to Courses by Newspaper has caused the project some trouble.

"We definitely underestimated the problems involved in matching newspapers and colleges," said Jane L. Scheiber, editorial director and assistant director for the project.

Under the plan, the first newspaper in any city to apply for the course receives the exclusive right to it for that area. This arrangement has caused some friction within the Copley News Service, which distributes the lectures, according to Ms. Scheiber.

The large institutional response meant that "we faced four to five times as many colleges as we could accommodate," said Ms. Scheiber. "We tried to go with the land grant institutions where we could," she said, "but we sometimes had trouble recruiting the right college for the newspaper."

"The biggest mistake," according to Mr. Lewis, was limiting participation to four-year institutions. "We wanted to keep the course at an upper-division-equivalent level to make it consistent across the country. If someone wanted to transfer units from the University of Tennessee to Oregon, they'd be talking about the same thing," he said.

But intense pressure from junior and community colleges, plus the fact that four-year colleges offered the course for lower-division, upper-division, and even graduate credit—and some senior high schools picked it up for honors programs—prompted Mr. Lewis to reverse that decision. This year "the junior colleges are as welcome as anyone," he said.

Ironically, a new problem unique to the medium now faces Courses by Newspaper.

"The newsprint shortage has caused a downswing in the number of papers participating this year," said Mr. Lewis, who estimated a drop of about 75 and a proportional drop in readers.

However, if Courses by Newspaper is funded for its third year as originally planned, Mr. Lewis expects "participation to double in all areas."

"Newspapers are evaluating the course now," he said. "Some are taking full-column ads asking their readers if they want it again. They're surprised at the response—not the size of it but the intensity. Those who want it, want it badly," he said.

FOREIGNERS TAKE OVER U.S. BANK

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. RARICK. Mr. Speaker, the Franklin National Bank of New York upon being declared bankrupt on October 8, has been taken over by six European banking concerns and is operating as the European-American Bank & Trust Co. Apparently, the transfer was so smoothly engineered by the Federal Reserve and banking interests that the bank was open the next morning with the same employees and the depositors did not lose a penny.

The same apparently cannot be said for the U.S. taxpayers since the Franklin National fiasco has reportedly now cost \$100 million and is expected to even go higher.

In May of this year the Federal Reserve Banking system, in a futile attempt to bail out Franklin National reportedly agreed to loan it up to \$1.1 billion at its "discount" window.

In the meantime as the national debt grows—now estimated at public and private to be \$2½ trillion—our inflation increases and other American banking interests are overextended, the American people are told that we must continue our bankrupt foreign policies of sharing our food, energy and credit with all the world.

Recently the East German Communist party leaders in gaining diplomatic recognition from our Government, advised that they are looking forward to most favored nation trading status with our country. This means not only the advantage of a devalued U.S. dollar, but also on subsidized credit terms cheaper than any American can obtain.

Today we are advised that Treasury Secretary Simon in Moscow is proposing most favored nation trading status and credits with the Soviets.

Soon there must be a day of reckoning with the share-the-wealth policies of the one-worlders and the domestic crisis of the American people being understood by all. The Franklin National Bank incident should remind us that the foreigners are not only rapidly getting control of our food and money, but now they are even taking over our banking institutions.

I insert the related news clippings following my remarks:

[From the Washington Post, Oct. 17, 1974]

BANKRUPTCY PETITION FILED BY FRANKLIN

NEW YORK, October 16.—Franklin New York Corp., the holding company that used to control Franklin National Bank, filed for bankruptcy in Federal District Court here today.

The holding company's chief asset was the stock of the bank which was declared insolvent on Oct. 8 by federal banking authorities. At that time, most of the bank's assets were sold to European-American Bank & Trust Co., which is owned by six large European banking concerns.

An attorney speaking for the holding company said the papers were filed this morning at 10. He said it was "a voluntary petition in bankruptcy."

Officials of Manufacturers Hanover Trust Co., which is known to have loaned Franklin New York Corp. \$30 million earlier this year before Franklin National Bank's troubles were made public, couldn't be reached for comment on the latest Franklin development.

(Another large creditor listed in the papers is Morgan Guaranty Trust Co., acting for some of its customers.)

[From the Wall Street Journal, May 23, 1974]

FED'S LENDING TO FRANKLIN NATIONAL BANK IS ABOUT \$1.1 BILLION, A HIGH FOR SUCH AID

(By Edward P. Foldessy)

NEW YORK.—Franklin National Bank's borrowings from the Federal Reserve System have reached about \$1.1 billion.

Neither the bank, a subsidiary of Franklin New York Corp., nor the Fed would confirm the figure, a record in terms of Fed aid to a troubled bank. In the middle of last week, the level of Franklin's Fed borrowings was around \$750 million.

The \$1.1 billion figure, obtained from usually reliable sources, represents about a quarter of the bank's deposits and borrowings from all sources.

It was learned yesterday that officials of the Federal Reserve Bank of New York have been asking other large New York banks to resume "normal banking relationships" with Franklin National to the extent that they can.

The reserve bank has been noting that Franklin is solvent according to the U.S. Comptroller of the Currency and that the Fed itself has been lending funds to the troubled bank.

On May 10, Franklin New York announced plans to skip dividends on its common and preferred stocks because of poor earnings. Later it disclosed a large loss in its foreign exchange department that it said was caused by unauthorized dealings by one of its traders.

Franklin currently is adjusting its previously reported first quarter earnings, partly to reflect the trading losses. But according to some sources, the restatement may go well beyond the foreign exchange losses and show a sharp net loss for the period. The restatement is expected to be made public either today or tomorrow.

Franklin originally reported first quarter operating net of 582,000, or two cents a share, down 83% from \$3.6 million, or 68 cents a share, a year earlier. At the time, it said income from foreign exchange trading in the quarter rose \$2.3 million from the year-earlier period.

Franklin has had to borrow from the Fed because of its difficulties in obtaining funds from normal channels. But the loans from the Fed have had a beneficial side effect: bargain basement prices for the borrowed money.

In borrowing from the Fed, Franklin pays an 8% annual rate of interest (the Federal Reserve's discount rate) on loans backed by eligible and acceptable collateral, such as U.S. government securities. An 8½% rate is paid on advances backed by other types of collateral, including long-term municipal securities, mortgages and long-term corporate loans.

By contrast, the cost of funds in the open money market recently has hovered in the 11% to 12% range. Thus, on \$1.1 billion, Franklin stands to save from \$500,000 to \$750,000 a week in interest costs over what it would have to pay in the open market if it were able to tap that source.

The Fed hasn't publicly specified the amount of funds it stands ready to inject into Franklin or the amount of collateral Franklin has available for such purposes. On May 12 the Fed said the bank had a "large amount of acceptable collateral available to support advances." At the time the Federal Reserve said that it could make loans to any solvent bank and that the U.S. Comptroller of the Currency had found Franklin to be solvent.

According to sources, the Federal Reserve's request that bankers resume normal activities where possible with Franklin hasn't received much response. At least two banks have turned down the request almost out of hand, they said.

Originally, reports circulated that the Fed was waging an arm-twisting campaign to have banks resume so-called federal funds trading with Franklin. Federal funds are uncommitted reserves banks lend each other. But sources within the Fed said the reserve's suggestion to bankers was broader, involving all types of interbank relationships.

Fed sources stated that the reserve bank in each case reminded bankers of their legal responsibilities to their own shareholders and depositors, and, in effect, cautioned them to enter only those kinds of transactions that would be considered prudent for the benefit of their banks' depositors and shareholders.

[From the New York Times, May 13, 1974]

RESERVE COMMENTS ON BANK CASE

WASHINGTON.—The following is the text of a statement made today in response to inquiries about the Franklin National Bank by George W. Mitchell, vice chairman of the board of Governors of the Federal Reserve System:

"Inquiries have been raised in recent days about the position of Franklin National Bank. The bank has reported a poor earnings record recently, and the management of the controlling holding company announced Friday that it would recommend that the regular dividend payment on both common and preferred stock be passed. The board is familiar with this situation and looked carefully at the bank's condition in connection with the proposed acquisition of Talcott National Corporation by the bank's holding company. Its decision earlier this month was to turn down this proposal in part because it felt that management's energy should be devoted to the remedial program for the bank, which is now underway.

"There is, of course, the possibility that—with many rumors about the bank—Franklin National may experience some unusual liquidity pressures in the period ahead. As with all member banks, the Federal Reserve System stands prepared to advance funds to this bank as needed, within the limits of the collateral that can be supplied. Working with Franklin National, the Federal Reserve Bank of New York has determined that there is a large amount of acceptable collateral available to support advances to the bank from the Federal Reserve Discount window if they are needed.

As a matter of general policy, the Federal Reserve makes credit extensions to member banks, upon acceptable collateral, so long as the borrowing member bank is solvent. We are assured by the Comptroller of the Currency that Franklin National Bank is a solvent institution.

Chairman Burns, who is in Europe, has been kept informed of developments. Since this matter does not require his personal attention, he has no intention of changing his travel plans which call for his return to Washington later this week.

[From the Washington Post, Oct. 17, 1974]

HOW U.S. INSURANCE SETUP SAFEGUARDS YOUR SAVINGS

(By Jane Bryant Quinn)

New York.—Surprising numbers of otherwise prudent people have taken to storing cash in safe deposit boxes. They're willing to forgo the interest that cash might earn because they think that savings accounts aren't safe.

Yet, in the largest U.S. banking failure to date—the collapse of New York City's Franklin National Bank—depositors didn't lose a penny. The government engineered an overnight sale of the bank's assets to the European-American Bank, which opened for business the next morning with the same doorkeepers and the same tellers.

So far, the Franklin National disaster has cost the Federal Deposit Insurance Corp. \$100 million. That sum will go much higher, but the FDIC now has reserves of \$5.8 billion, plus another \$3 billion line of Treasury credit.

It's possible that, in the year ahead, other poorly managed banks will buckle under the weight of bad loans. But the government can handle it. Here's the background on the insurance system that protects your savings:

The FDIC and its sister insurer, the Federal Savings and Loan Insurance Corp., were born in the Depression. Their task was to rebuild America's confidence in the banking system by guaranteeing every depositor that the first \$2,500 of his savings would be as safe as the U.S. Treasury. Since then, the insured amount has risen to \$20,000.

From 1934 until last year, the FDIC paid out \$903 million to 502 banks that failed (or were forced into shotgun mergers). But that money was not lost. In return for its largesse, the FDIC acquires some or all of the assets of the failed bank. This year, for example, it has become the lucky owner not only of stocks and bonds but apartment houses, cattle ranches, hotels and even a fishing fleet.

Over time, the FDIC sells these assets and even may make a profit on them. Since 1934, it has recovered \$779 million of the \$903 million it dispensed. That's a total loss of only \$124 million over 40 years. Its average annual profit on investments (mostly U.S. government securities, once the ranches and fishing fleets are sold) comes to \$400 million. The FDIC could save other Franklin Nationals out of profits alone.

Whenever a bank has failed, the FDIC has paid off, within days, on all accounts up to the insured limit. Subsequently, the bank's assets have been liquidated in such a way that 93 per cent of the uninsured deposits also were paid back.

The books of the FSLIC tell a similar story. In 40 years, some 103 savings and loans have failed or needed financial aid, for a total booked loss so far of \$167 million. Reserves now stand at \$6.6 billion. Its record for helping depositors couldn't be much better; the FSLIC says that no one has ever lost a nickel in an insured S & L, even on accounts larger than \$20,000.

A bill that went to the President for signature Oct. 10 would raise the amount of insured savings from \$20,000 to \$40,000. That means that, if your thrift institution got into trouble, up to \$40,000 in each account would be paid off in a matter of days.

If you had an individual account, a joint account with a spouse, a trust account and a joint account with a parent you'd be entitled to up to \$40,000 on each of them. Eventually, you'd also get back most of your savings over \$40,000. But a better idea is to keep excess savings in a different institution. Then you're insured in both places.

But check to see that your savings are indeed insured by a state or federal agency. A few states still permit banks and S & Ls to operate without government backing. With financial conditions so uncertain there's no sense taking that risk.

[From the Washington Post, Oct. 17, 1974]

SIMON BACK FROM TALKS IN U.S.S.R.

President Ford will decide on whether to allow a suspended multimillion-dollar Soviet grain deal to go ahead after being briefed by Treasury Secretary William E. Simon, who has just returned from Moscow.

Simon spoke briefly to reporters on his return from a four-day visit for economic talks with Soviet officials.

He said he had full and frank discussions with the Soviet leaders, including the agreement reached by two grain companies to sell some 3.4 million tons of corn and wheat to the Soviet Union.

President Ford blocked the \$500 million transaction earlier this month, principally because fears of domestic shortages following a particularly bad summer had pushed up prices to a point where they threatened to worsen inflation.

Simon said he would discuss the matter with Mr. Ford. But, he added, "The President must make the decision."

[From the Washington Post, Oct. 17, 1974]

SIMON ENDS TALKS IN MOSCOW ON TRADE

Moscow, October 16.—Secretary of the Treasury William E. Simon said today the U.S. government shares Soviet Communist Party leader Leonid Brezhnev's desire to resolve trade problems between the two countries.

Simon spoke with newsmen at the airport before he left for Washington after two days

of talks with Soviet officials, including Brezhnev.

At a banquet ending the talks last night, the Soviet party chief made a hard-line speech in which he said the Soviet Union's domestic policies were irrelevant to increasing U.S.-Soviet trade.

Simon told newsmen he did not find the speech surprising. "We share his desire to get the resolution on MFN and trade," he said.

He was referring to congressional efforts to deny the Soviet Union "most favored nation" trading status and credits until the Kremlin eases emigration restrictions which are applied mainly to Soviet Jews.

[From the Washington Star-News, Oct. 14, 1974]

U.S. DEBT OF \$2.5 TRILLION HELD ECONOMY THREAT

NEW YORK.—The total debt of every segment of American society has swelled to \$2.5 trillion and poses a serious threat to the nation's economy in this inflationary period, Business Week magazine says in its latest edition.

"Never has the debt economy seemed more vulnerable, with a distressing number of borrowers and lenders in precarious shape," the magazine said.

Since the close of World War II, the nation has borrowed an average net of \$200 million a day, the magazine said.

Now the debt is so huge that it would take more than one-third the gross national product of Japan, the world's second-largest capitalist economy, just to pay this year's interest on the American debt, the magazine said.

Of the total debt, \$1 trillion is in corporate debt, \$600 billion in mortgage debt, \$500 billion in U.S. government debt, \$200 billion in state and local government debt, and \$200 billion in consumer debt.

Business Week said the debt "is an ominously heavy burden with the world as it is today—ravaged by inflation, threatened with economic depression, torn apart by the massive redistribution of wealth that has accompanied the soaring price of oil."

The magazine said the consensus among economists was that the economy still was not overborrowed but the breaking point was drawing near.

"In the end, the world may very well escape disaster," Business Week wrote, "but there is no way it can escape change. The very assumptions on which the United States built its debt economy, for instance, must be rethought. Not in the foreseeable future will any nation pile up debt as rapidly as this nation."

The magazine said corporations had tripled their debt in the past 15 years, and consumer debt had soared 50 percent in the past three years.

In a separate article, the magazine says that a survey of 550 major nonfinancial corporations found that 23 percent or 114 of the companies as of last June "had amassed more total debt . . . than they carried in equity."

FAMILY LIFE IN RUSSIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

SOVIET LIFE ORIENTED TOWARD FAMILY

(By Robert G. Kaiser)

(Washington Post Foreign Service)

Moscow.—Imagine a Soviet apartment: Four women sit around a table, periodically

tossing down slugs of vodka. They are playing cards—loudly—and telling war stories—more loudly still. A man, the husband of one of them, enters wearing an apron, carrying a tray full of hot cups of tea.

With nervous, jerky gestures he tries to clear empty vodka bottles off the table and serve the tea. The women start complaining to him about the food, the dirty table. He shrugs his shoulders. Finally the guests decide it is time to go home. The husband fetches her coats and boots.

When her pals are gone the man's wife throws her arms around him drunkenly. "Don't touch me!" he shouts. She responds indignantly. "Whatsa matter, doncha think I can drink? I drink on my own money, you know . . ."

Speaking of money, the husband complains, she doesn't give him enough house-keeping money to do the shopping. She brushes him aside . . .

Difficult to imagine? For a Soviet audience watching a group of comedians acting it out, this scene is hysterically implausible. The theater rocks with laughter. The audience obviously loves the mirror image of Soviet family life that the comedians create.

Reality, as one of the comedians explains in an introduction to the skit, is different: Papa comes home from work and reads the paper. Mama comes home from work and goes shopping, makes supper, does the laundry and ironing, and helps the children with their homework. Sometimes, papa helps out after dinner by turning on the television set.

In Russia, "A good wife doesn't let her husband help her keep house. She keeps it clean herself, sews and weaves for her husband and children. A good wife is always merry—she always smiles and makes her husband's life easy and pleasant. A good wife doesn't interfere in her husband's business talks, and in general is mostly silent."

Well, those were the rules in the 16th century, when this prescription for a good wife was written in the "domostroi" or "rules of the household" that were then accepted by church and state. Though contemporary Russian society has little in common with the 15th century, the influence of the domostroi is still evident.

Yet mama's role has grown enormously, although she continues to act as a servant of the rest of the family. In the 16th century, papa was the lord of the manor, but today he is much less imposing, and much less influential. A woman who allows her husband to loaf around the apartment while she does all the housework is also—in many families—the pillar of family life and the chief decision maker.

The Russian family is one of the institutions that Russians love most about their country. In its ideal form, the family is a fortress of love and mutual protection whose walls shield all within from an uncertain outside world. Though reality may seldom live up to these grand intentions, sentimental Russians (and that means virtually all of them) often overlook the family's failures and romanticize its accomplishments.

Modern Soviet society does not challenge traditional family relationships the way the fast-paced societies of the industrialized West do. There is no sign of the hedonistic lifestyle here: No amusement industry to fill leisure time, no cult of youth and beauty, no consumer industry for children or cemeteries for pets. The Soviet population is relatively stable and immobile.

Parents have time for children, and children for parents. Soviet sociologists claim that comparative surveys of Russian and Western families show that a mother or father here is likely to devote more of her or his week to the children than does a Western parent. There are fewer distractions, at least in the evening and on weekends, and perhaps—as many Russians would insist—a greater desire to share the child's life.

"Sometimes it's silly," one mother recently

admitted. "We sit around in our apartment—me, my husband, my parents, maybe an aunt and uncle—and everybody is looking at Kolya [age 8]. 'What's new with you, Kolya?' 'How's life, Kolya?' 'What's happening in school, Kolya?'—That's all you hear for hours at a time."

At the opposite extreme is the story told in a woman's letter to the radio program "Man and Society," perhaps the nearest Soviet equivalent to a personal advice column.

"My life has been a nightmare," the woman wrote from Magadan, a remote corner of Eastern Siberia not far from Alaska. "I got married in 1946, and hoped to raise a happy family. . . ." Her first son was born in 1947 and—"perhaps to celebrate this event," her husband took a drink of vodka that was his downfall. A lifetime of drinking followed. "Our family survived extreme material difficulties, since more than half our income was spent on vodka."

Finally, after 21 years of marriage, she and her three children decided to throw him out of the house. To get away from him completely they went to Magadan. Papa stayed in the industrial city where they'd lived, still drinking. He remarried, then divorced, then moved in with another woman. Several years ago he had a stroke, which left him paralyzed. Learning of this, mother and children decided to invite him back.

"He getting better now," the woman wrote. "He's back at work, and most important, he isn't drinking any spirits. But life has already passed us by. We can't repeat our youth . . ."

Alcoholism is a perpetual epidemic in this society. There are no published statistics on the consumption of vodka or the prevalence of alcoholism, but evidence of it can be seen on the streets of any village or town. Perhaps 40 per cent of all divorces are caused by drunkenness, according to sociologists' research.

Vodka and wine play an important role in Soviet family life. What does an ordinary worker's family do to celebrate a birthday or a big event? "Buy a bottle of vodka," is the most common reply. An enormous Russian woman who works as a janitor confided that she would need 20 [half pint] bottles for the four-day May Day weekend.

Family celebrations are likely to happen at home. Millions of Soviets—very likely the vast majority—never go to a restaurant. (Restaurants are neither good nor common. In Moscow, the best-served city in the country, there are 127 of them—or one for every 55,000 inhabitants.) The Russian "table" for a big occasion is another of the things Russians love most about their country.

Besides vodka, it will be piled high with a dozen different "zakuski" (hors d'oeuvres), from canned sprats in oil to elaborate Caucasian chicken in walnut sauce. The company can easily spend an hour or two over these washing them down with the toasts that inevitably accompany the consumption of alcohol.

A soup may follow the zakuski, and a piece of meat, or perhaps a duck, will follow the soup. Mama and grandma serve and clear the dishes—none of which match each other—and yell at the young people to eat more of everything. Three generations crowd around the table, many sitting on stools, because there are never enough chairs, and all crowded, because the table is always too small. The men tell jokes and give toasts, the girls gossip and tease.

There is no cocktail hour, no coffee in the drawing room afterward (there's no drawing room), and somehow, it is usually more fun than any dinner party in Washington or London.

If Soviet society lacks the distractions from family life typical of Western countries, it has substitute distractions of its own. The most important of these is the requirement that able-bodied women, particularly in the city, hold a full-time job.

For some traditionalists, this is an outrage. Alexander I. Solzhenitsyn, the author,

stated the conservative view of women at work in his recently published open letter to the Soviet leaders:

"How can one fail to feel shame and compassion at the sight of our women carrying heavy burrows of stones for paving the street...? When we contemplate such scenes, what more is there to say, what doubt can there possibly be? Who would hesitate to abandon the financing of South American revolutionaries to free our women from this bondage?"

Old women doing hard physical labor are an embarrassment to many Soviet officials, but the general notion that women should work is not. "The state's interest presupposes only one decision," Elena Ivanova, a senior editor of the government newspaper *Izvestia* said recently. "The country needs hands for work, including women's hands..."

To a large extent, women agree. In surveys, half or more of the working women questioned regularly say that they work for the satisfaction and enjoyment, not just for the money. Mrs. Ivanova points out that 60 per cent of the college graduates in the country are women. "Do they want to sit at home and waste their qualifications?" she asked. "Of course not." Polls show that the higher a woman's level of education, the more she wants to work, regardless of the number of children she has.

The compromises available to an American middle-class woman who wants to raise a family and pursue a career are not available here. The Soviet economy is rigid, and Soviet institutions live by a stern rule book. They do not believe in women taking 10 years off, or starting a career at 35, or working part time. Either you work, or you don't.

The inflexibility of the system puts a psychological strain on women. As one sociologist observed recently, Soviet women may start life on an equal footing with males, study, begin work and marry on the basis of equality, but suddenly lose their equality with the arrival of a child, if not earlier.

In Russian families a child is the mother's business, whether or not her job, her housework and shopping already fill her time. A working woman with a child in this society has an enormous amount of work—30 hours a week, according to one survey, on top of a work week that averages 45 hours including transportation to and from the job.

If she finds a place for her baby in a nursery or kindergarten, a Soviet woman is still on call in case of illness. Day care centers won't keep a sick baby, for fear others will catch the illness, so the mother must take care of her child at home. (She is given some paid leave from work for this purpose.)

Work discipline is lax in most Soviet factories and offices. Many women manage to do errands on office time. "A woman scientist in our institute is about one-third as productive as a man," a research chemist claimed.

Babysitters are virtually unheard of here. Either the baby goes out with the adults, or mama stays home—unless there's a grandmother who can be persuaded to look after the child. Soviet teenagers don't seem to have the entrepreneurial spirit or the confidence of their elders that would be necessary if they were to copy the American babysitting system.

Like most Soviet workers, a working woman is entitled to a month of paid holiday each year. In theory, this vacation could be devoted entirely to the family, and often it is. But it is common for Soviet parents to take separate holidays. This is officially—though coincidentally—encouraged.

Places in trade union sanatoria, rest homes and resorts—the most sought-after holiday spots in the Soviet Union—are allocated at work. Unless husband and wife work in the same place, they cannot expect to get spaces in the same resort at the same time. So they often go off alone at different times of the year. The effect of this on family life has been repeatedly criticized in the press and in so-

ciological studies, but without apparent effect.

(There aren't spaces in these resorts for even half the population, so many Soviet citizens do take their vacations with their families—even if they'd rather not.)

The question remains what is Russian family life really like? Hopefully some of the answers have been included in these articles, but a lot of them haven't. For an outsider who has had only a limited opportunity to see families at home, many of the answers remain out of reach.

For an American, it is instructive to reflect on typical aspects of middle-class American life which have no obvious equivalent here. The list is long.

There is no family car in the Soviet Union, save in about one in 14 families in Moscow, one in 70 for the country as a whole. There is no house, but rather a small apartment for the luckiest families (in urban areas, about half the total), and a room for the others. It is an officially stated goal of Soviet housing policy that every citizen should have his own room in his own apartment, but the goal is just a distant hope now.

The consumer goods that set the tone of American family life don't exist here. There are no cold Cokes in the refrigerator (which is tiny, if it exists), no cartons of milk brought home by the milkman, no garbage disposals or food freezers.

There is nothing here to compare with the organized activities that occupy American children and become the focal points of so many families' lives. Schools don't have organized athletic teams or—except in special cases—bands or orchestras. Dancing classes, pottery classes, church choirs—none exist. Nor do part-time jobs for young people.

Life in the Soviet Union is quieter, duller and harder than in the West. It is also more secure. No one need fear unemployment, inflation or a financially catastrophic illness. On the other hand, no one outside a very special elite can realistically hope to visit the Champs Elysees or the canals of Venice. The state provides, but it also withholds.

In the unique environment that Soviet society has created, family life goes on in recognizable patterns. Kids come home from school, have something to eat, go out to play. Mothers prepare supper, fathers read the evening paper, everybody watches television. "We're living well," Russians like to tell each other, "Life is good."

Moscow.—Money—a remnant of capitalism that is supposed to disappear when true communism is achieved—still exerts a powerful influence on daily life in the Soviet Union.

Rubles and kopecks do not have the tyrannical power that dollars and cents achieve in American life, because Soviet society is not as oriented toward consumption. It couldn't be, since it doesn't produce a fraction as many consumer goods.

Here the issue is still subsistence, or something a little better. The average Soviet family spends its entire income on necessities, with little left for frills. A five-ruble bottle of champagne is a grand splurge for many. On the other hand, extreme poverty is unusual.

To a foreigner who developed monetary reflexes in the capitalist world, the role of money in Soviet society seems unique—not for what it can do, but for what it cannot.

The acquisition of a lot of money does not assure a Soviet family a radical improvement in its standard of living. Sudden wealth would allow a better diet and more clothes, but mere money won't buy a big new apartment, a new car or a summer vacation in Yugoslavia.

Those things are allocated, not sold. The best apartments are assigned to Communist Party officials and other influential citizens. The opportunity to buy a new car is similarly distributed as a privilege. Foreign travel is the rarest—and thus the most coveted—privilege of all, and no amount of money

can substitute for the official permission to go abroad.

"For many people," a Moscow film director recently argued, "money doesn't give satisfaction—it creates difficulties. Spending money is difficult.

He explained: A family without pretensions can quite easily maintain a simple life—a basic diet, ordinary clothes worn until threadbare, vodka and television for entertainment. Such families are common.

If a sudden jump in income induces that family to try to live better, life becomes complicated. Any attempt to improve the family's diet, for instance, would require a large increase in the amount of time devoted to shopping. Good foods are the hardest to get, and they attract the longest lines in the shops.

A determined effort to acquire the best food available in Moscow absorbs hours a week beyond the time it would take to purchase a diet of cheese, salami, bread, cabbage and dairy products.

It is no easier to buy clothes. "Some people," the movie director said, "can never buy a new suit—when they've got the money, there are no suits, and when there are suits, they haven't got the money." Women interested in acquiring the best Yugoslav or Hungarian fashions that are sometimes sold here must devote hours to scouring the stores and collecting inside information. (A tip from a salesgirl about when Polish sweaters are going on sale is worth a week of window-shopping.)

The movie director thinks many people are so put off by these difficulties that they would rather live their simple, subsistence lives. But many Soviet citizens are also willing to go to whatever lengths are required to get more and better consumer goods. The other day a full colonel in the Red Army was seen in Moscow waiting patiently in a long line to buy a pair of Hungarian shoes.

Money does talk on the Soviet black markets which seem to be extensive.

The term is misleading, for many "black market" sales are simply unofficial exchanges between friends at free market prices. For six to eight rubles, for instance, one can buy a one-ruble coupon valuable in special hard-currency shops that sell imported goods. The coupons are sold by people who have worked abroad and earned hard currency, or had it sent to them by relatives.

This winter a pair of foreign-made ladies' boots on platform soles cost 150 rubles on the black market. The prices for foreign-made double-breasted sheepskin coats began at 750 rubles.

The official press periodically reveals that bribery is a phenomenon of modern Soviet life. A man with a wife and daughter, theoretically entitled to a two-room apartment could offer the right local official 1,000 rubles and find himself with three rooms. A man building a cottage in the country might get the lumber he needs with a well-placed "tip" in a state construction organization.

Millions of Soviet citizens are prepared to risk a little money in the hope of making a lot. State sponsored lotteries are popular. So is the race track in Moscow, where betting is allowed, though the payoffs are miserly. In many offices, the female employees maintain a "black cash box" to which each contributes five or ten rubles a month, then takes her chance in a winner-take-all drawing.

The average family lives on a modest budget. According to published statistics, that family (composed of 3.5 people and 1.6 wage earners) has a monthly income of about 220 rubles. This is \$285 at the official exchange rate, but the comparison is misleading. A small Soviet-made Fiat costs 5,500 rubles. A pound of tomatoes in the farmers' market may cost four rubles in early spring.

According to the book "Family Needs and Income," published here in 1967, a well-balanced, nutritional diet costs about 50 rubles per person per month. Thus the typical fam-

ily would have to spend 175 rubles a month on food, were it to eat that well. In fact, most families seem to spend 40 to 60 per cent of their cash income on food, and settle for something less than the ideal diet.

Another 10 to 20 per cent goes for rent, gas and electricity. (Rents are heavily subsidized by the state.)

That leaves the average family with, say, 50 to 100 rubles a month for clothing, transportation, entertainment, medicines (which are only partially paid for by the state medical system) and incidentals. Thus a basic item like a 200-ruble television set will absorb all the family's spending money for two or three months.

Wealthier people—members of the Soviet middle class—have family incomes of 350 to 600 rubles a month, which leave them a little more flexibility. A chemist and his wife who make 500 rubles a month say they spend at least 220 on food for themselves and two sons. The rest goes on ordinary expenditures, "and we never have anything left at the end of the month."

Other middle-class families invest in the status symbols of contemporary Moscow—antique furniture (which was scorned just a few years ago), old jewelry, china, crystal and carpets.

Some people save money, too. Soviet savings banks (which pay 2 per cent interest) have deposits of about 70 billion rubles, an average of 280 rubles per man, woman and child in the country. This appears to be rainy day money. When asked, most people express surprise at the size of personal savings, and claim they themselves spend all they earn. One explanation for these savings is that many people cannot find the products they would happily buy, if they were available. The waiting time to buy a car stretches to several years in many towns.

Some of these savings undoubtedly belong to the very rich—a tiny slice of Soviet society, whose lives have little in common with ordinary citizens'. A couple like Roman Shedin, the composer, and his wife, Maya Pilsetskaya, the prima ballerina of the Bolshoi, probably earn several thousand rubles a month—more than a worker can make in a year. They have a large Moscow apartment, a foreign car, a big country dacha, hired help, foreign clothes and much more than ordinary Russians never even dream of.

ST. RITA'S GOLDEN JUBILEE CELEBRATED

HON. STANFORD E. PARRIS OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. PARRIS. Mr. Speaker, this year St. Rita's Church in Alexandria, Va., is celebrating its 50th anniversary as a parish. On Sunday, October 20, the cornerstone from the original church building will be relaid next to the cornerstone in the present church.

For the interest of my colleagues, I would like to insert at this point in the RECORD a recent news article describing the golden jubilee celebration. It is my understanding that it is the intent of the parish to place a copy of today's CONGRESSIONAL RECORD with other memorabilia of church history under the cornerstone.

ALEXANDRIA PARISHIONERS CELEBRATE ST. RITA'S GOLDEN JUBILEE

It was a grand night for singing and celebrating at St. Rita's Church of Alexandria marked "Fifty Golden Years" as a parish last Saturday night, the evening beginning

with a Solemn Mass of Thanksgiving in the modified Gothic-style church at 3815 Russell Road.

Memories were evoked for the parishioners from the first moment of the entrance procession, for along with their new Bishop of Arlington, Bishop Thomas J. Welsh, who was making his first visit to their church, were familiar faces which had come and gone over the years, their former bishop, two former pastors, former associates and two former deacons, now ordained; Sisters of St. Joseph who had long taught in the parish school, and lecturers. Later some lay members of the community who had a long history in the church, some as charter members of the little community who first met in a cobbler's shop in 1913, and then the little church in Mt. Ida, a mission of St. Mary's built in 1914, were to form the offertory procession.

Bishop Welsh was the principal celebrant at the Mass which combined folk music and Latin hymns, and he was flanked by retired Bishop John J. Russell of Richmond and their pastor, Father Francis L. Bradican.

Seated in a place of honor in the sanctuary was Msgr. Leonard J. Koster, first pastor of St. Rita's when it was elevated to parish status in 1924, now pastor-emeritus of St. Charles, Arlington.

Father Edward P. Browne, pastor from 1967-72, in his homily traced the history of St. Rita's, but said, "If you talk only about the buildings, you're not talking about a parish. A parish is most of all the people," he said, "and the priests who spread the gospels and help to build community. We have been blessed with a good, dedicated, zealous priesthood, varied in talent, varied in virtue, but one in dedication to the people. My life with the people of St. Rita's," he said, "were among the happiest years of my life because of the people. They are unique," he said, "because there are children in the school, whose parents and grandparents built the church before them and they are still carrying on. We are indebted to those of the past," he asserted, "and we must continue to build ourselves, so that we will have something to pass on to those in the future. As we celebrate this Golden Jubilee, may it awaken in us a renewed sense of community and may we especially remember Msgr. Emmett P. Gallagher." (Msgr. Gallagher, who died in 1968, had become pastor in 1947 and had overseen the building of the present church and school complex.) "Let us pray for the future," Father Browne concluded, "that God will bless St. Rita's with many young men and women who will dedicate themselves as priests and Sisters."

Bearing the gifts at the Offertory were five parishioners, whose family roots go deep in the church's history, Mrs. Catherine Cousins, Anthony Giannittario, Miss Frances Conlon, Miss Mary Conlon, and Miss Camille DeLane, first organist of the original church.

It was a happy, ebullient crowd of 250 which gathered later for a reception and dinner at the round, red-covered tables at the Ramada Inn on North Fairfax Street. A string trio circulated throughout the room playing "requests" and Bishop Russell displayed a fine tenor as he joined in "Santa Lucia," and Father Bradican in "Galway Bay." For Bishop Welsh there was the "Pennsylvania Polka."

Father Bradican spoke of his pride in St. Rita's, and thanked all the laity who had helped "to make it what it is" as well as the Sisters of St. Joseph for their work in the parish school. He paid tribute to the former pastors and "especially Msgr. Gallagher, who set us up and got us started. We shall work unitedly for the good of the parish to help each other and make it one of the finest in the diocese," he told his people. Msgr. Koster, first pastor, called "those days the happiest of my life. It has always been a family," he said. His final words were drowned out by a standing ovation.

Bishop Russell who served as bishop from 1958-73, said, "I come in great, good humor

as your 'retarded' bishop. I am able to look back and say these have been good years," he said. "All through the years St. Rita's has been a wonderful parish. I hope that it will continue to be even though we are 'separated' brethren," he said, referring to the division of the diocese of Richmond. "Down in 'the holy city,' we miss you," he concluded, "but we pray that God will bless your new bishop and will bless you."

Continuing the jocular tone of Bishop Russell's remarks, Bishop Welsh told him, "We're glad to have you back and hope you have no trouble at the border." To the people of St. Rita's he said, "No amount of searching had found any substitute for a parish. This celebration, this jubilee," he said, "represents a great continuity of priests and people, and a spiritual continuity."

"The Church," he said, "has been caught up in the acceleration of change, as well. But there is one thing that does not die, and that is the devotion to the saints of the places where we worship." He spoke of the "downgrading of devotion to the Blessed Mother. I don't know quite what was behind it," he said, "but we stand in need of the kind of continuity that you have had in your parish of St. Rita. There hasn't been any real change," he said. "Thoughts have been updated, but real theologians are as true today to patron saints and especially to the Blessed Mother as they ever were. Pope John, who gave us the Vatican Council, said 15 decades of the Rosary a day," he said, "and the Council wrote at great length about the Blessed Mother, more than any other Council. When Pope Paul closed the Council, he gave Mary one more name—'Mother of the Church.' This is not ancient history," the Bishop said, "this is in recent days. It is a crucial fact," he said, "that from the earliest moments of the Church, Mary has been included in essential dogma of the church."

ENVIRONMENTAL PERSPECTIVE

HON. ROBERT E. JONES

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. JONES of Alabama. Mr. Speaker, the quality of the environment is of proper concern to each citizen. The concern is reflected in the great volume of legislation introduced in the Congress each session with the objective of improving the quality of life available to the people of the Nation.

The intensity of concern can sometimes cause loss of perspective on the distance the Nation already has traveled toward the common goal of a better environment.

A refreshing examination of the ecological situation has been published in the Huntsville, Ala., Times by the associate editor, Mr. Bob Ward, from an interview with a farmer in north Alabama, Mr. Holland Baker.

Mr. Baker's thoughtful comments and Mr. Ward's skillful presentation of the views are most worthwhile and I include them as a part of my remarks so that others may appreciate this fresh perspective:

ENVIRONMENTAL PERSPECTIVE: ONE MAN'S
VIEW OF HOW BAD IT ISN'T

(By Bob Ward)

At 60 years of age, Holland Baker seems a tad too young to be termed an oldtimer. Still, he likes to talk about how things used to be, back in the good old days. Except, as he remembers them, they were

the bad old days. But, that is, with respect to what is today lumped under the twin headings of Ecology and The Environment.

What disturbs Baker is the popular view that the natural environment has reached its sorriest state ever, that pollution of the elements and despoliation of the land have never before been so bad. He regards such thinking as alarmist and he blames it on "mass hypnotism"—and on ignorance, of past conditions as well as present.

"It seems like so often some of the best-educated people are so ignorant on this ecology thing," says Baker. "I claim the ecology is in better shape than it's ever been."

Holland Baker, it should be quickly noted, is no ecologist, no certified scientist of any kind. He has a small farm on Highway 72 West at Monrovia, to which he has recently retired after 25 years as a Huntsville postal worker. His own formal education was brief, stopping short of high school. But this father of two grown children reads a great deal, he is widely traveled, and his first-hand experience with the environment does date back better than half a century.

He can cite dozens of examples of an environment that is today better, not worse, than it used to be.

"Think how it was in the 1920s and '30s" he says. "To tell you the truth, this whole country—and by that I mean the Southeast—was washed away back then. We had forest fires all the time. And about the time trees got big enough to make a stick of stovewood, they were chopped down and burned up."

"Now, I don't go back to the last century, but my father did—he was born right after the Civil War. About the time of the end of that war, this country was used up and worn out. It had been 'cottoned to death,' as they say."

As one small indicator of how soil conditions have changed, Baker points to the 100-acre farm on rolling land he bought in 1946. He had applied for a Farmers Home Administration loan to help him buy the place. It took the agency almost a year to decide to let the loan go through, he recalls, "because the land was so poor, they weren't at all sure the place was worth even the \$330-a-year payment on the loan."

"This land, like a lot of other land around here, was absolutely worn out. There wasn't one acre on the place that was considered Class A land—land that would make a bale of cotton to the acre."

Today, his land is restored to production, thanks to fertilizers and years of caring for it. Because it is so heavily contoured, it remains marginal land for row crops and fit only for grazing, and so Baker has it in pasture for the beef cattle he raises. But the soil conditions have been so restored, he says, that his land could produce up to two bales of cotton per acre for a year or two—until, with the plant cover gone, all the topsoil had washed away.

Baker's point is that he, along with virtually all farmers today, have learned not to mistreat this facet of the environment that way.

But that's not by any means all that's changed.

"Across the board, the ecology is in so much better shape than it was 40 or 50 years ago," argues Baker good-naturedly. "It's just amazing to me that people are so perturbed over it. Any area you could name is improved. Back 35 years ago, for instance, when Huntsville had 16,000 population and there were probably 10,000 cars in the county, those cars were probably doing far more polluting per car than cars today do."

"And take the coal fires we used to have. They were the worst air polluters. I've had asthma all my life and I used to go into town in wintertime on a frosty morning. Every store burned coal for heat, as did an awful lot of houses, and the air would be so heavy with smoke. And back then all the smokestacks at the mills and factories and laun-

dries were belching forth thick black smoke all the time."

And then there were the forest and woods fires.

"A lot of people out in the country," Baker recalls, "would set the woods on fire, and just let them burn, and there would be a smoky haze all through the air around the mountains here. The farmers did it to improve the browse for their cattle. Well, we don't see much of that today. People today think all forest fires are so bad, but the Indians used to do the same thing and so do foresters today."

"And people now yell about others who might burn a pile of leaves in their yard, and then these same people turn around and go inside to build a fire in their fireplaces that burns for hours and puts out 10 times as much smoke."

And consider water pollution. Huntsville Spring Branch, for example, decades ago was so filthy it was called—well, as Baker delicately explains, it had "the appellation of a common four-letter word in front of the word 'Creek.'"

"They dumped all the sewage of Huntsville into it," he recalls. "It went all the way to the river, just open like that. But that was nothing unusual back then. Every city between Asheville, N.C., clean on down and around to Paducah, Ky., at the other end, dumped their sewage into the Tennessee River—untreated. And most of them took their drinking water from just above where they dumped their sewage. They called themselves purifying it before using it, but I don't know how much purifying they really did in those days."

Fish and wildlife are other ecological concerns which Baker mentions.

"We used to fish on the river a week without catching a thing," he remembers. "Now, after they've built the dams, you can't go without catching fish. The ecologists today yell against building dams, but dams help fish and wildlife. There weren't any ducks along the river here until the dams were built, not to mention all the fish that were killed and land ruined before flood control came."

"And take wild game, for instance. My daddy never saw a deer. Now they're all over the place. And beaver were only a fond memory around here. Now you see them; they've worked their way up Limestone Creek from the Tennessee and are beyond the Capshaw area now. I've got squirrels returning to my place after all these years, now that the nut trees are getting big. And woodchucks are taking over the place. And I even get wild duck in my pond."

Baker is especially critical of environmentalists' alarm over phosphates, particularly phosphates in detergents under attack because they cause excessive algae growth in rivers and lakes.

"The phosphates you find in detergents," he argues, "are approximately the same chemical constituents in many fertilizers, such as the one I use. But the fish in my pond are waxing fat on the same chemicals they're trying to ban in detergents. I think the public is being fed a lot of malarkey on phosphates. It's largely because of phosphates and other chemical fertilizers that we're now getting 50 to 60 bushels of corn per acre. The average corn yield in this country used to be 15 to 16 bushels."

"Now, I don't have anything against organic farming—I keep a compost heap myself. But what a lot of people who are against chemical fertilizers forget is that they produce a lot more stalk and stem, which is turned under and makes more humus to enrich the soil. And it's yet to be shown that any of these fertilizers cause cancer, as some have been saying."

Oil spills, another environmental concern, do not trouble Baker unduly. "Oil spills at sea are nothing new," he says. "There's no telling how many big tankers were sunk by German subs along the Atlantic and Gulf

coasts during World War II. A lot of that oil washed up on our beaches then, but I don't know of any lasting ecological damage from it."

Baker doesn't have unkind words even for strip-mining. He thinks reclamation of strip-mined areas would be nice, but he questions its necessity. He lately has seen some strip mines of 30 and 40 years ago and he says: "You can hardly tell what they were, they look almost natural now, mostly grown over—and with no reclamation."

It's not that Holland Baker is in favor of environmental damage or pollution. It's that he feels the American public has gained a "warped view" of our ecological ills from "the mass media, especially television."

"Things get blown out of proportion and they get the people in a trauma," he says. "It's some kind of mass psychological thing, mass hypnotism. But most people are better off today, environmentally as well as materially, than they ever were. They just don't know it. As old Will Rogers said, 'Everybody's ignorant, just about different things.'"

"I'm for ecology, myself," Farmer Baker insists. "If I hadn't been, I sure wouldn't have spent the better part of my life trying to make this place better."

"I suppose my point is that there is really nothing man can do to Nature that, given enough time, Nature can't repair."

No doubt the people living elsewhere today near some major rivers and lakes choked nearly to death with man-made pollutants hope he's right.

WAYS AND MEANS COMMITTEE CREATING NEW TAX LOOPHOLES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. VANIK. Mr. Speaker, I was very concerned when the President in his economic message of October 8, 1974, gave a blanket endorsement to the tax bill which has been developed by the Ways and Means Committee. This tentative bill is more loophole than reform. Some have tried to give the committee's bill the odor of tax reform—but it reeks or special interest loopholes. The American people must not be fooled into accepting this tax bill as a reform bill.

I would like to include at this point in the RECORD a column of October 17, 1974, by the economics writer of the Washington Post, Mr. Hobart Rowen, entitled "Creating New Tax Loopholes":

CREATING NEW TAX LOOPHOLES

(By Hobart Rowen)

By endorsing the House Ways and Means Committee tax "reform" bill, President Ford has focused attention—no doubt unintentionally—on what could be one of the major tax giveaways in U.S. history.

As it now stands, the bill is not a tax "reform" bill at all, although it does reduce or eliminate a few special privileges, notably the oil depletion allowance.

But the main thrust of the proposed legislation is to create \$3 billion to \$4 billion worth of new loopholes for businessmen, and those wealthy individuals whose income is largely derived from capital gains rather than wages.

Thus, although the bill contains \$1.6 billion in tax relief for the working poor (not enough to compensate for inflation) it is on balance a bad piece of legislation which benefits upper income brackets in too many ways while leaving what Rep. Henry Reuss (D-Wis.) calls "the old established loopholes" very much alone.

Take the capital gains proposal, which has most true tax-reformers up in arms. At present, 50 per cent of a capital gain—say on securities—is excluded from any tax if held six months. The generous Ways and Means Committee would exclude 1 per cent in addition for each year the asset is held over five years, but not over 25 years.

That neat trick would increase the exclusion to a potential 70 per cent and presumably make stocks more attractive to buy—as well as persuade those holding stocks over a long period of years and said to be "locked-in" by potential tax liabilities to take their profits (with a minimum tax bite) and buy new stocks.

Economists Roger Brinner and Alicia Munnell point out: "While a declining inclusion ratio would not solve either the inflation nor lock-in problem, such a change would significantly reduce the tax rate on capital gains." For individuals in the 70 per cent top bracket, their tax on capital assets held 25 years would be cut from 35 per cent to 21 per cent.

The Committee's proposal, if it worked to solve the lock-in problem, might be a shot in the arm for the ailing brokerage business. But it would cost the Treasury at least \$1 billion a year, while the biggest capital gains loophole of all—the nontaxation of capital gains at death—remains untouched.

The surest way of tackling the lock-in problem, as Brinner and Munnell point out, is to provide a tax on capital gains transferred at death. Tax expert Joseph A. Pechman of the Brookings Institution estimates the current cost of that loophole, which allows wealth and power to be transferred from generation to generation, at \$3 billion a year. Other bonanzas created by the bill:

Industrial Development Bonds—Presently, private industry has a nice little racket under which it can finance up to \$5 million of an expansion in a six-year period at public expense. This is done through issuance of tax-exempt bonds by a state or local government to finance a new facility. Not only does this system provide tax-exempt investment possibilities for high income individuals, but the companies lease the plants at low rents because the construction borrowing costs are less than normal due to the tax-exempt gimmick. But now the committee proposed to take off the \$5 million ceiling. With the sky the limit, the potential tax loss is another \$1 billion.

Savings Account Interest—The bill would exempt the first \$500 of interest in savings accounts (\$1,000 per couple) in an effort to help thrift institutions keep deposits, and thus aid the housing industry. Whether new savings would be encouraged is debatable. But what is clear is that high-income families would benefit most (a family would need nearly \$20,000 in a 5.25 per cent passbook account to accumulate \$1,000 in interest), and the Treasury would be out an estimated \$1.8 billion.

Tax Simplification—Many deductions presently itemized would be replaced by a lump sum deduction up to \$650 whether or not a taxpayer had actually qualified for any. The net result: taxpayers with many and varied expenses which are now deductible would be short-changed, while others would get what amounts to a tax cut from Uncle Sam. Net estimated cost: \$400 million.

As mentioned earlier, there are some worthwhile things in the bill, including a heavier minimum tax, a reduction in real estate shelter possibilities, a limitation on tax-free junkets for doctors, lawyers, and other professional groups, and tightening of taxes on salaries earned abroad.

But such welcome steps are as nothing alongside the new loopholes and old ones such as tax-free bond interest, the existing capital gains benefits, and the "DISC" giveaway that allows corporations to avoid taxes on export sales. Better no bill at all than this one!

IN SUPPORT OF VETO OVERRIDE OF HOUSE JOINT RESOLUTION 1163

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. BIAGGI. Mr. Speaker, I support the motion to override the President's most recent veto, of House Joint Resolution 1163. I find this action to be an unfortunate move by the President and one which should not be tolerated by the Members of this body.

It has been almost 3 months since Turkey invaded Cyprus yet still we find ourselves debating the issues of both our continued providing of aid to Turkey and our efforts toward restoring peace to Cyprus. Yesterday we in the House passed an effective compromise amendment to the resolution which gave the administration until December 10 to work out an agreement on Cyprus, with the condition that if any of the aid which we provide to Turkey was shipped to Cyprus, the President would be authorized to terminate aid to Turkey immediately. This was a responsible and vitally important amendment, one which could prevent any further military aggression by Turkey in Cyprus. Yet once again, the administration has chosen to reject our efforts at bringing peace to Cyprus and has once again demonstrated its lack of concern for the future security of Cyprus.

I reluctantly supported the compromise reached yesterday, reluctantly to the extent that I would have preferred, and have supported legislation in the past which would cut off aid to Turkey immediately. Her blatant violations of the Foreign Assistance Act with respect to use of military aid dictated to me that this aid should be cut off forthwith. However, realizing that compromise was needed, I supported the Rosenthal amendment.

However, I cannot support the President's veto today. While we have been debating this issue, the crisis on Cyprus has continued virtually uninterrupted. The Turkish Army continues its illegal and ruthless control of more than one-third of Cyprus using our military aid in open defiance of the Foreign Assistance Act, yet confident knowing that they have a friend in the administration which seems content to allow them to continue their actions without any interruption.

I most vehemently disagree with the contention of the President that any decision to cut off aid can only prolong the Cyprus crisis. Unless we asset ourselves in preventing any further shipments of arms to Turkey, Turkey will be in an excellent position to solidify her position on the island, and it is this that will prolong the misery and suffering for more than a quarter of a million Greek Cypriots.

We are again confronted with a historic opportunity to override a Presidential veto. A vote to override is critical if we are to maintain our commitment to the people of Cyprus. We must support the bill we passed yesterday if we are to get the machinery in motion which

will bring the two sides in this conflict to the negotiating table. We must demonstrate unequivocally to Turkey that continued violation of the Foreign Assistance Act will no longer be tolerated.

Above all, we have an opportunity to assert ourselves in an important matter of foreign policy. Our vote last week indicated that we in Congress still are content to play a subservient role. Our vote today may be the last chance we have to maintain our strong positions with respect to aid to Turkey. Failure to override this veto will only serve to prolong the Cyprus and intensify the embittered feelings of the Greek community who have viewed with a sense of betrayal the U.S. Government's failure to act in the wake of Turkey's action. Most importantly a vote to override will tell those Greek Cypriots who have seen their families and friends, killed, their homes destroyed and their future imperiled, that we are still committed to assisting them, and that we are still the champions of freedom for all men. We cannot forsake the people of Cyprus any longer, for their hour of need is upon us. I urge a decisive and overwhelming vote to override this veto today.

HUD SECRETARY JAMES T. LYNN
COMMENDED

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mrs. HECKLER of Massachusetts. Mr. Speaker, in the midst of what I consider unfair criticism of Secretary of Housing and Urban Development James T. Lynn, I would like to share with my colleagues my own perspective on Secretary Lynn's performance, which I believe has been very creditable in the most difficult of circumstances.

No Secretary of Housing has worked as closely with Congress as has Jim Lynn. I can assure my colleagues that the reason we have a new housing bill (the Housing and Community Development Act of 1974) and not a veto is due in large measure to Secretary Lynn's untiring efforts to find common ground between a number of powerful interests, which have been at odds for over 3 years of housing legislation. During the committee's months-long drafting sessions on this legislation, Jim Lynn visited with each committee member individually to exchange views. He spent several hours in my office discussing my proposal to provide loans for elderly housing construction which he ultimately supported. The bill which passed authorizes \$11.2 billion for housing, and charts a new direction for the Federal housing and development effort. So let us not say that Jim Lynn has been ineffective.

As in all compromises, no one is entirely satisfied with the final version of the new housing law. I fought hard to keep the Model Cities program fully funded for an additional 3 years, and I was the author of a new elderly housing construction program, as well as a pro-

hibition of discrimination against women in mortgage credit. Nevertheless, I did not get everything I wanted in the legislation. In the process, however, I did develop a firm respect for Secretary Lynn, who demonstrated that he cares about housing as much as I do. He is a dedicated, hard-working leader.

I also fought last year to continue full funding for existing housing and community development programs, after a moratorium on these programs was announced, but I do not hold Secretary Lynn responsible for that decision. The moratorium was imposed before he became Secretary, and the decision was not made by HUD, it was made by President Nixon. It was a decision that no one in the administration could have overturned.

Mr. Speaker, we now have on line an \$11.2 billion housing program. It is the first opportunity Jim Lynn has had to demonstrate what he can do for housing. I believe he deserves a fair chance to perform on his own, and to be judged objectively on his own record.

TENNESSEAN NAMED "POSTMASTER OF THE YEAR"

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 17, 1974

Mr. JONES of Tennessee. Mr. Speaker, at its recent annual convention in Hollywood, Fla., the National League of Postmasters named as the U.S. Postmaster of the Year, Mr. W. C. Herndon of Camden, Tenn., which is located in the congressional district I represent.

I have known Mr. Herndon personally for many years and know him to be not only a fine postmaster and noted

leader in community affairs, but a man of honor and integrity. He is an outstanding American, and we in Tennessee's Seventh Congressional District are indeed proud of him.

Mr. Speaker, at this point I would like to insert in the Record an article from the Camden, Tenn., Chronicle of October 10, 1974, concerning Mr. Herndon's award:

Postmaster W. C. Herndon of Camden has been named the U.S. Postmaster of the Year. The award was presented on September 27 in Hollywood, Florida by Dr. Andrew Holt, president emeritus of the University of Tennessee and a member of the Board of Governors of the U.S. Postal Service during the annual convention of the National League of Postmasters.

Earlier in the year Herndon was named Postmaster of the Year in Tennessee at the State Convention at Paris Landing in July. His selection as Postmaster of the Year came from a field in which competition was tough. All other states had chosen their representatives with which he had to compete.

The award was based on recognition and appreciation of his outstanding service in the Camden Post Office and this community and to the National League of Postmasters.

The honor reflected credit upon himself, the entire postal service and honored the National League. Those were the criteria on which the selection was based.

During the two days that Herndon served as president of the State Tennessee beat all other states in the membership drive.

Postmaster Herndon has been an influential and dedicated worker in many facets of community life. He is active in Boy Scouts, having earned the Silver Beaver Award by the National Council. His efforts in the Cancer Crusade have been untiring. As both a Sunday School teacher and a Deacon, he serves well in Camden's First Baptist Church.

Today, Herndon is a Lt. Colonel in the U.S. Army Reserve. He teaches classes for the military. He is proud of the Army and has a reason to be.

During World War II, he served in the European Theatre of Operations where he was taken prisoner by the Germans and held for four months.

Veteran organizations have chosen him as V.F.W. Commander and American Legion Commander locally. He has served as State Vice-Commander of the American Legion and in 1973-74 he served as National Vice-Commander of the organization's Council on Americanism.

Postmaster Herndon and his wife, Peggy, reside on Woodland Drive in Camden. Their son, Joe, is a senior at the University of Tennessee in Knoxville where the postmaster graduated in 1949.

As coincidence would have it, the same Dr. Andy Holt who presented Herndon his National Postmaster's award was the same Dr. Holt, who as president of U.T. presented him the diploma in 1949.

Another Tennessean was honored at the recent meeting in Florida. Kenneth Jennings of Powell, Tennessee, was elected president of the National League of Postmasters.

CLIFF MCINTIRE

HON. W. R. POAGE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. POAGE. Mr. Speaker, all who served with Cliff McIntire in the Congress knew him as an able and distinguished legislator. Those of us who served with him on the Agriculture Committee, because of a close personal relationship, knew him also as a gentleman in the highest meaning of that word.

He was considerate and helpful, kind and understanding. His counsel was sought by his colleagues. He was unstinting in service to his country, and in the field of agriculture he was truly a national authority.

News of his untimely death saddens all who knew Cliff McIntire, and I join with his countless other friends in extending sympathy to his wife and the other members of his family.

SENATE—Monday, November 18, 1974

The Senate met at 12 o'clock meridian 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:

Eternal Father, we give Thee thanks for this Republic, "one nation under God," and for all the privileges and responsibilities of citizenship. Lift us now above the contention and controversy of the election arena to the place of wise statesmanship and confident leadership which shall benefit the whole world. By Thy presence here make us new in mind and heart, fit for our tasks.

Grant Thy grace and protection to the President that his mission may promote good will and advance the cause of justice and peace among the nations.

Deliver the "Holy Land" from all that is unholy. Stay the threat of war and establish the reign of justice and enduring peace.

Come to the great needy world of humanity. Open man's heart to Thee that

he may walk in Thy light and possess Thy peace.

And to Thee shall be all praise and glory. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, October 17, 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.

ORDER FOR RECOGNITION OF SENATOR SYMINGTON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the joint

leadership has been recognized tomorrow, the distinguished Senator from Missouri (Mr. SYMINGTON) be recognized for not to exceed 15 minutes.

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

ORDER FOR RECOGNITION OF SENATOR CLARK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the distinguished Republican leader, the Senator from Pennsylvania (Mr. HUGH SCOTT), has been recognized and has disposed of his time, my 5 minutes be allocated to the distinguished Senator from Iowa (Mr. CLARK).

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

A TIME FOR COOPERATION

Mr. HUGH SCOTT. Mr. President, I see that we have a new rug. This will lend some comfort to our footing, and I hope that our improved footing will lead not to improved footwork, but to better headwork.